JPRS-LAM-86-005

13 January 1986

Latin America Report

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INTER-AMERICAN AFFAIRS

NEW CARIBBEAN FEARS OF U.S. SUGAR QUOTA CUTS CITED

Port-of-Spain EXPRESS in English 10 Dec 85 p 3

[Text] **CARIBBEAN sugar producers are bracing themselves for a further reduction in the United States sugar quota in 1986.**

This was revealed by state-owned Caroni Ltd's general manager, Russell Wotherspoon, in an interview with the EXPRESS San Fernando Desk on Friday.

Wotherspoon returned from a general meeting of the directors of the Sugar Association of the Caribbean (SAC) held in Belize and a marketing assignment in Britain. He was accompanied to the meeting by John de la Bastide of the company's sales department.

Wotherspoon said that the U.S. administration had reduced the sugar quota from 2.8 million tonnes to 1.8 million tonnes, which was 600,000 tonnes more than the U.S. market requirement. He said the administration had decided to keep the quota at that level in the interest of the Caribbean Basin Initiative programme.

But, Wotherspoon pointed out, a problem developed with this decision of the administration. He said the decision was in conflict with the spirit of the U.S. Farm Bill and was seriously criticised in Congress. Wotherspoon said the measure was being currently debated in the U.S. Congress and Senate and "we are not sure what the U.S. administration will finally decide to do."

Wotherspoon said the U.S. had three options to resolve the matter. He said the U.S. could extend the quota year as was done in 1985 to allow the fixed quota to enter the U.S. market over a longer period of time. He said the second option would be for the U.S. to reduce the quota although they have already fixed it. And the third option would be for the U.S. to refine that sugar and put it on the open market. He said this would be in competition with the European Economic Community, which is an exporter of refined sugar.

The Caroni general manager said that if the U.S. adopted the second option, it could spell doom for the Caribbean sugar producers. Said he: "It would be basically bad for the Caribbean and we certainly hope that they do not adopt this option. In this context, it is most likely that there will be a further quota reduction next year."

Wotherspoon said that sugar was now selling on the world market at (U.S.) six cents a pound. He pointed out that there was a "slight fall back to (U.S.) 5.7 cents per pound." He said the meeting anticipated that the world price for sugar could fall below (U.S.) six cents a pound throughout the whole of 1986 with occasional drops.

Said Wotherspoon: "This is important to us in Trinidad and Tobago because we purchase sugar on the world free market to refine. We need this information to make good market analyses in order to place our orders at the right time."

CSO: 3298/222

FURTHER DETAILS ON VENEZUELA-TRINIDAD COCAINE LINKS

Port-of-Spain TRINIDAD GUARDIAN in English 6 Dec 85 p 3

[Text] THREE Venezuelans, believed to be acting as the link for the production, sale and export of drugs from Venezuela to this country and other Caribbean countries, have been arrested by the Guardia Nacional in Venezuela.

The men — Dalberto Ordaz Malave, 29, Jose Manuel Vas Acevedo and Manuel Jose Moreno — were arrested over the weekend after a cargo of 30 kilos of cocaine with an estimated street value of $6 million was intercepted and seized at Curupano, Venezuela.

The shipment was consigned to Port-of-Spain in a boat from Puerto Esmeralda, Carupano.

Guardia National and security forces in Venezuela are still searching for Pedro Roberto Ordaz Malave — brother of one of the arrested men — reported to be the chief of one of the gangs specialising in the drug traffic in Oriente Province.

Another Venezuelan, Eugenion Pino, said to be one of the biggest distributors of cocaine, gave himself up to the authorities after learning in the Press that he was being sought.

According to "El Nacional" newspaper, Pino and Pedro Malave appear to be chiefs of two gangs with international connections. According to another Venezuelan newspaper, "El Tiempo," the security forces seized a racing pigeon in Carupano which carried a message on its feet written in English.

The message: "Luis, I will send you $120,000. Goods arrive in perfect order." The security forces mobilised about 2,000 men highly trained in investigation and at the same time put into operation Christmas operation 85 designed to stamp out drug trafficking in other Caribbean countries. A Trini woman national now assisting lives in Carupano. Young Trini about five years there was held ten days ago in a house. The authorities are now taking a closer look on the question of homing pigeon racing between both countries and wondering whether to allow it to continue since this incident.

"At present there is a registered club racing pigeons to Carupano, Cumana and Guiria ports used to released pigeons to fly to Trinidad."

"Regional Commander General Moses Arriojas told reporters that he will not rest until this drug nuisance is completely wiped out. It is the only way that Venezuela can be proud of continental operation being mounted from Puerta la Cruz, Eastern Venezuela where it is most prevalant."

FROM COLOMBIA

"El Nacional" reported that the dope being sent to the Caribbean islands is exported from Colombia and Bolivia.

The report added: "The chief of the Regional Command said that the arrested persons for most part possess wealth which is being investigated. General Gomes said that Pedro Roberto Ordaz Malave had eluded the dragnet of the Guardia, Security and the police forces. The drug chiefs have luxurious villas on the beach in the tourist colony of Puerto Morro in Puerto La Cruz and they are living it up."

In the next few hours there would certainly be a breakthrough resulting from this operation, said the chief of Command Number 7.

/9274
CSO: 3298/209

INTER-AMERICAN AFFAIRS

CARIBBEAN GOVERNMENT OFFICIALS TO ADDRESS DRUG PROBLEMS

Port-of-Spain TRINIDAD GUARDIAN in English 9 Dec 85 p 16

[Text]

BRIDGETOWN, Sun., (Cana):

CARIBBEAN Law Ministers and top-level officials will meet early next year to discuss the growing illegal drug problem in the region, the Barbados Attorney-General has announced.

In a speech to policemen, Mr David Simmons, who is also Minister of Legal Affairs, said he had requested the Caribbean Community (Caricom) Secretariat to convene a meeting of Attorneys-General and the heads of police, armies, immigration and customs.

The meeting, to help in coordinating efforts to tackle the drug traffic, will come off in the new year, Mr Simmons said, but announced no date.

Declaring that an all-out attack was being waged in Barbados against drug trafficking, Mr Simmons warned policemen to avoid being caught on the wrong side of the drug business or be prepared to face severe consequences.

He urged the Police not to scoff at the public perception that some policemen are involved in the drug trade. There was already hard evidence in the form of conviction to support the public's view, he said.

He also said Government would not tolerate brutality by the Police -- an issue that has generated some public debate in recent months.

Those who stray from the straight and narrow path will be dealt with severely, Mr Simmons told the annual general meeting of the Police Association.

Simmons, citing a need for more action to confront the drug problem at the domestic level, said he expected to see more impressive detection figures over the coming months, as a result of special training for Government beach wardens and deployment of more policemen.

The Law and Order Minister announced plans to review the procedure under which complaints against policemen are dealt with.

There has been much criticism recently of the existing arrangement, whereby policemen conduct their own investigations into complaints.

Mr Simmons said he saw no objection in logic or policy to the establishment of a new system providing for a tribunal with police representation. The idea is that the committee would report to the Police Commissioner.

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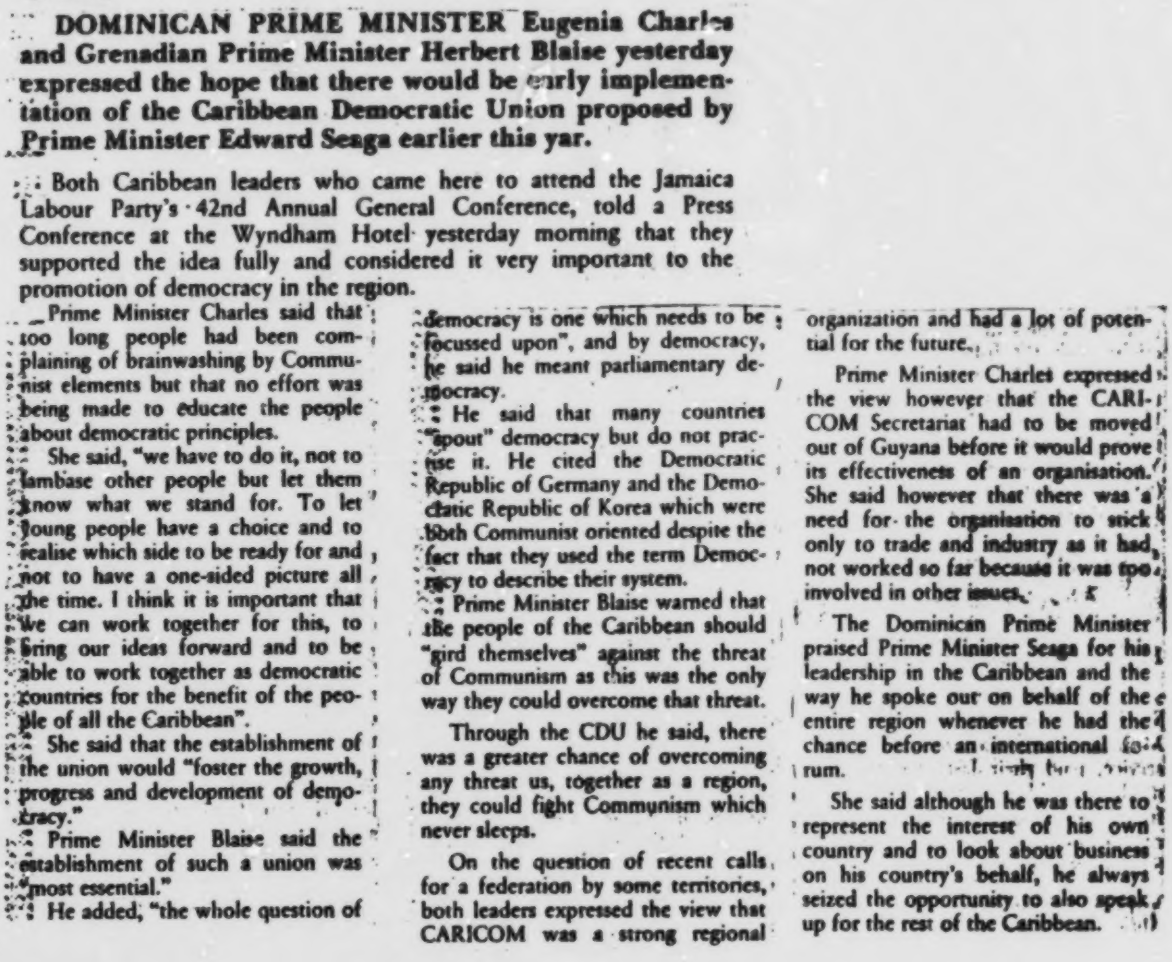
CSO: 3298/209

CARIBBEAN LEADERS BACK SEAGA'S 'DEMOCRATIC UNION'

Kingston THE DAILY GLEANER in English 25 Nov 85 p 3

[Text]



DOMINICAN PRIME MINISTER Eugenia Charles and Grenadian Prime Minister Herbert Blaise yesterday expressed the hope that there would be early implementation of the Caribbean Democratic Union proposed by Prime Minister Edward Seaga earlier this yar.

Both Caribbean leaders who came here to attend the Jamaica Labour Party's 42nd Annual General Conference, told a Press Conference at the Wyndham Hotel yesterday morning that they supported the idea fully and considered it very important to the promotion of democracy in the region.

Prime Minister Charles said that too long people had been complaining of brainwashing by Communist elements but that no effort was being made to educate the people about democratic principles.

She said, "we have to do it, not to lambase other people but let them know what we stand for. To let young people have a choice and to realise which side to be ready for and not to have a one-sided picture all the time. I think it is important that we can work together for this, to bring our ideas forward and to be able to work together as democratic countries for the benefit of the people of all the Caribbean".

She said that the establishment of the union would "foster the growth, progress and development of democracy."

Prime Minister Blaise said the establishment of such a union was "most essential."

He added, "the whole question of democracy is one which needs to be focussed upon", and by democracy, he said he meant parliamentary democracy.

He said that many countries "spout" democracy but do not practise it. He cited the Democratic Republic of Germany and the Democratic Republic of Korea which were both Communist oriented despite the fact that they used the term Democracy to describe their system.

Prime Minister Blaise warned that the people of the Caribbean should "gird themselves" against the threat of Communism as this was the only way they could overcome that threat.

Through the CDU he said, there was a greater chance of overcoming any threat us, together as a region, they could fight Communism which never sleeps.

On the question of recent calls for a federation by some territories, both leaders expressed the view that CARICOM was a strong regional organization and had a lot of potential for the future.

Prime Minister Charles expressed the view however that the CARICOM Secretariat had to be moved out of Guyana before it would prove its effectiveness of an organisation. She said however that there was a need for the organisation to stick only to trade and industry as it had not worked so far because it was too involved in other issues.

The Dominican Prime Minister praised Prime Minister Seaga for his leadership in the Caribbean and the way he spoke out on behalf of the entire region whenever he had the chance before an international forum.

She said although he was there to represent the interest of his own country and to look about business on his country's behalf, he always seized the opportunity to also speak up for the rest of the Caribbean.

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CSO: 3298/210

OECS HEADS OF GOVERNMENT CONFER IN KINGSTOWN

FL282212 Bridgetown CANA in English 2048 GMT 28 Nov 85

[Text] Kingstown, 28 Nov (CANA)--Heads of government of the Organisation of Eastern Caribbean States (OECS) opened their eighth conference in St Vincent today.

The two-day conference, being held here for the first time since the OCES was set up in 1981, will deal with a wide range of issues relating to trade, foreign affairs, education, civil aviation, fisheries, drug abuse and sports.

All seven member countries of the OECS--Antigua and Barbuda, Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia and St Vincent and the Grenadines, together with associate member the British Virgin Islands, are represented at the conference. It follows a series of preparatory meetings here this week.

Grenada's Prime Minister Herbert Blaize, current chairman of the OECS, is chairing the conference. Other heads of government who have joined host Prime Minister James Mitchell are John Compton of St Lucia and Dr Kennedy Simmonds of St Kitts and Nevis. Prime Minister Eugenia Charles of Dominica is expected tomorrow.

Antigua and Barbuda's delegation is being headed by Deputy Prime Minister Lester Bird. Financial Secretary John Ryan is leading the delegation from Montserrat and the British Virgin Islands delegation is being led by Stanley Gordon, permanent secretary in the office of the chief minister.

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CSO: 3298/210

CARIBBEAN COUNTRIES SHOWING TRADE SURPLUS WITH UK

FL042158 Bridgetown CANA in English 1924 GMT 4 Dec 85

[Text] Bridgetown, 4 Dec (CANA)--The Caribbean Community (Caricom), excluding Belize, recorded a trade surplus of 66.8 million pounds sterling with the United Kingdom up to September, reversing a 10.5 million pounds deficit for the corresponding nine-month period last year, according to British Government statistics.

The figures, issued by the British High Commission, put the value of exports from the 12 Caricom countries at 336.3 million pounds, up from 315.8 million last year. UK exports were valued at 269.5 million pounds, down from 326.3 million last year.

A high commission spokesman was unable to say what was responsible for the turn-around, but trade sources said the strength of the U.S. dollar, to which Caribbean currencies are tied, was a contributing factor.

Trinidad and Tobago was the UK's biggest Caricom trading partner, purchasing 69.9 million pounds worth of UK goods and selling 77.6 million. But there was a 39.6 percent decline in Trinidadian exports and a 6.5 percent drop in UK imports when compared with the corresponding period in 1984, the figures showed.

The Bahamas ranked second, with exports of 68.2 million pounds and imports of 67.7 million. Compared with 1984, however, there was 482.5 percent increase in Bahamian exports--valued at 11.7 million pounds in 1984--and a 53.6 percent drop in imports, valued at 146.0 million pounds.

Exports from Jamaica totalled 68.7 million pounds, a 4.4 percent decline on last year. Imports stood at 33.3 million pounds, a 0.7 percent decline. There was a 35.4 million pounds surplus in Jamaica's favour.

In the case of Guyana, there was a fall in exports from 38.4 million pounds in 1984 to 37.4 million this year. UK imports rose to 14 million pounds, from 11 million in 1984.

Barbados had a 62.2 percent decrease in exports, which were valued at 8.4 million pounds, compared with 22.3 million the year before. Imports rose by 25.9 percent to reach 27.5 million pounds from 21.8 million in 1984. There was a 19.1 surplus in the UK's favour.

Antiguan exports were valued at 1.5 million pounds, up from 0.7 million last year. Imports from the UK totalled 24.8 million, up from 14.5 million. This increase was due mainly to the purchase of new British-made aircraft by the Antigua-based regional airline LIAT, the high commission spokesman said.

Dominica sold 14.4 million pounds worth of exports, an increase of 2.2 million over last year. At the same time, it bought 7.3 million pounds worth of UK products, an increase of 18 percent over last year.

Exports from St Kitts and Nevis totalled 5.6 million pounds, rising from three million last year. Imports were up slightly to 3.9 million pounds from 3.4 million.

Grenada's exports were valued at 5.3 million pounds, up from 4.7 million last year. Imports totalled 6.6 million pounds, compared with 5.5 million last year.

The value of St Lucian exports were up to 33.0 million pounds from 22.5 million. UK exports rose to 8.1 million pounds, from 5.2 million.

St Vicent and the Grenadines sold 16.0 million pounds worth of products to the UK, five million pounds more than last year, and took in 5.1 million pounds of UK products, compared with 4.2 million in 1984.

Montserrat imported 1.6 million pounds of goods from the UK and sold 0.2 million pounds to the UK.

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CSO: 3298/210

HAVANA RADIO VIEWS SENTENCE AGAINST ARGENTINE OFFICERS

PA210347 Havana International Service in Spanish 0000 GMT 16 Dec 85

["Our America" Commentary]

[Text] What has been described as the trial of the century ended in Buenos Aires on 9 December. There is much truth in this description of that unusual event, which affects not only Argentina, but Latin America as well. Despite the praise, all seems to indicate that the heated debate in various Argentine sectors over the sentence pronounced by the Federal Court of Appeals against the former commanders who formed the military juntas from 1976 until 1983 will last for a long time. The government of President Raul Alfonsin made good on its promise to try the repressors in a civilian court. Nevertheless, the organizations that defend the human rights, including the Mothers of Plaza de Mayo organization, have said that the life sentences pronounced against former president Jorge Videla and former Admiral Emilio Massera should have also been applied to the other high-ranking officers, four of whom have been acquitted.

In the name of a national reorganization process, Videla, Massera, and former Brigadier General Orlando Agosti created the false legal grounds that permitted them to devise and carry out the fierce repression that made 30,000 people disappear over a 30-year period. This policy was applied by all the military juntas that ruled thereafter. Under the pretext of ending subversion, the Argentine military men applied all the strategies of state terrorism and relentlessly persecuted all and everyone suspect of opposing what Argentines briefly described as the process.

This is how in those seven years, clandestine detention centers, abduction brigades, unimaginable torture, and the violation of the human rights proliferated to the extent that these activities can only be compared with those of the Nazis in the countries occupied during World War II. Recently, writer Ernesto Sabato recalled a common phrase among the Argentine military: If five people out of each 100 we have arrested were terrorists, then the fate of the other 95 has been justified. This macabre calculation was coldly applied. For this reason, the recent trial has perhaps been a true scalpel that penetrated the hurt tissue of a society that suffered the frightening U.S. doctrine of national security, which aptly describes the so-called Argentine process.

Beyond the long list of testimonies presented by Attorney General Julio Strassera out of which emerged a real catalog of torture and repressive methods, the hearings disclosed the fact that the Argentine officers were perfectly able to serve as Pretorian guards for their people, yet absolutely unable to devise a doctrine for defense against aggressions on national sovereignty, such as the Malvinas episode. From the multiple denunciations of the local press down to the famous report of General Benjamin Rattenback, who was in charge of the official investigation of military behavior during the Malvinas war, it was proved that the Argentine high military command made mistakes, and some times committed treason, until surrender occurred on 14 June 1982. The Argentine military all the time justified repression actions by saying that a war against subversion was being fought. Nevertheless, in one of his indictment pleas, attorney Strassera asked: What kind of a war was this in which confrontations were simulated and in which, in every clash, bullets were fired at the enemies of the legal forces, but they did not suffer a single casualty? Later, he said: There was no war, I think. Consequently, we have common criminals here. And if there was indeed a war, then we are in front of war criminals.

The criminals have just been tried, yet those who never saw their loved ones return home are not satisfied with the sentence.

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CSO: 3348/303

ANDEAN PARLIAMENTS MEETING VIEWS FOREIGN DEBT

PA161722 Havana International Service in Spanish 1600 GMT 15 Dec 85

[Text] On Saturday, the fifth Andean parliaments meeting currently underway in La Paz, Bolivia, unanimously approved two resolutions that point out the unpayability of the foreign debt, and call for a Latin American summit to initiate joint political action in response to regional problems. The documents were approved by the final plenum which, with the participation of parliamentarians from Bolivia, Colombia, Ecuador, Peru, and Venezuela, will officially close today. The resolution referring to the foreign debt reaffirms that it is unpayable under the conditions established by the creditors, and constitutes a fundamentally political problem, and that Latin America's future depends--to a great extent--on its solution.

Regarding the summit, the Andean country governments are urged to take the initiative in calling a Latin American and Caribbean presidents meeting to prepare a joint political action plan that will establish the foreign debt as its main aspect. The parliamentarians meeting in La Paz harshly criticized the Baker plan proposed by the United States for the region's foreign debt.

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CSO: 3348/303

INTERAMERICAN PRESS ASSOCIATIONS RESOLUTIONS

Santiago HOY in Spanish 28 Oct 85 pp 61-63

> [Excerpt] Passed in Cartagena, Colombia, with the participation of some 300 members from the majority of the American countires, the following are the resolutions adopted by the Inter-American Press Association (IAPA) at its General Assembly. The countries involved are listed in alphabetical order. In addition, there is a paragraph relating to official publicity and recognition of the work, efficiency and hospitality of the Colombian participants [not reproduced].

Argentina

Whereas: the constitutional right of freedom of the press is endangered by national and provincial proposals that would establish an obligatory "right of response"; and

the intolerable 38-percent tax imposed on the importation of newsprint has been raised to a crushing 48 percent;

The General Assembly hereby resolves:

that President Alfonsin, the Argentine National Congress and provincial legislative assemblies be urged to reject subterfuges that would threaten freedom of the press and that the National Government be asked to concel the surcharge on newsprint that threatens to extinguish an important sector of the printed media.

Cuba

Whereas: Cuba has begun its 27th year under totalitarian control;

the regime now offers asylum to criminal fugitives;

the Cuban people are denied information and from Havana, disinformation is disseminated throughout the hemisphere; and

our colleagues Luis Rodriguez and Fernando Rivas Porta have completed 21 years in prison;

The General Assembly hereby resolves:

to condemn the government of Cuba for the violations of all fundamental human rights and the total suppression of freedom of expression;

to urge all members of the IAPA to express their solidarity with their imprisoned colleagues and continue to insist they be released.

Chile

Whereas: the last quarter in Chile has been constituted, half by a state of siege and the other half by a state of emergency;

restrictive constitutional, legal and administrative tax provisions exist;

a state of fear exists in the press and among newsmen because of unjustified judicial condemnations, threats made to editors and reporters which have sometimes been carried out, and actions of a terrorist nature, whatever their affiliation, against the communications media;

The General Assembly hereby resolves:

to ask the Chilean Government to lift all restrictions placed on freedom of the press in this country, so that freedom of expression may exist democratically, especially those restrictions preventing the free founding, publication and circulation of periodicals and newspapers.

Ecuador

Whereas: Ecuador has a democratically elected government that has taken the measure of cancelling a secret order permitting an embargo on information media in cases of emergency;

the IAPA committee sent to Ecuador reported that the newspaper HOY has been discriminated against in the distribution of news controlled by the government;

Benjamin Ortiz Brennan, editor of the newspaper HOY, has been the target of a harmful accusation connecting the newspaper HOY and himself with the guerrilla forces of Alfaro Vive;

other Ecuadorean information media have on different occasions reported on oppressive governmental pressure on access to news;

The General Assembly hereby resolves:

to ask the government of Ecuador to cease discrimination against the newspaper HOY with respect to the distribution of official news;

to make formal charges publicly if it believes that it has evidence of illegal activities by the newspaper HOY or its editor; and to end any pressure placed on information media that would tend to influence news gathering.

Guyana

Whereas: due to the interference of the government in the supply of newsprint, Father Andrew Morrison continues to have serious difficulties publishing his newspaper, CATHOLIC STANDARD;

both Father Morrison and the staff at the CATHOLIC STANDARD continue to be the victims of psychological persecution and intimidation;

there is a new administration in Guyana;

The General Assembly hereby resolves:

to suggest that the new administration of Guyana end pressure put on Father Morrison and the CATHOLIC STANDARD and restore freedom of expression.

Haiti

Whereas: Paul Constant, of the Ministry of Interior and Defense, attended this General Assembly in order to announce the "democratization" of Haiti and promise freedom of the press;

The General Assembly hereby resolves:

to ask the government of Haiti and its president for life, Jean Claude Duvalier, to demonstrate that a new era is beginning in Haiti, ending the arbitrary imprisonment of newsmen, freeing persons who have been jailed for exercising their right to free expression and enabling the press to inform the people of Haiti on all the actions of their government.

Mexico

Whereas:

in some states of the Mexican Republic, attacks have been made on newsmen, some of whom have been killed;

attacks have occurred aimed at the facilities of certain newspapers;

in none of the cases have the authorities discovered or captured those responsible for the attacks;

The General Assembly hereby resolves:

to ask the government of Mexico to ask the respective judicial authorities to investigate the personal attacks on newsmen and newspapers and ask for an intensification of investigations accelerating the process so that those responsible for the attacks may be brought to justice.

Mexico (II)

Whereas:

the IAPA is an institution which monopolizes the manufacture, distribution and importation of paper;

it is the government that is the majority owner of the institution;

The General Assembly hereby resolves:

to reiterate to the Mexican Government the concept that in order for free journalism to exist, it is indispenable that the market for paper and other raw materials used in the publication of newspapers not be subjected to governmental control.

Nicaragua

Whereas:

the Nicaraguan people have been denied freedom of expression for over three and a half years;

the state of war does not justify total censorhip or an increase in restrictions on personal freedom imposed under the last state of emergency;

The General Assembly hereby resolves:

to remind the Nicaraguan Government of its repeated promises to permit freedom of expression and respect political plurality;

to condemn the seizure of copies of the first copy of the Catholic weekly IGLESIA and the takeover, by the military, of the Church's printing press;

to appeal to the government to cease the persecution of information media, especially LA PRENSA, the only independent newspaper in the country;

to repeat our request to lift censorship and reopen all radio stations closed by the government;

to ask all newspapers in the Hemisphere to continue to show their solidarity with LA PRENSA in its fight to maintain freedom of expression.

Panama

Whereas:

since the brutal murder of Dr Hugo Spadafora, the government and the defense forces of Panama have unleashed a harsh attack on the communications media;

as a result of reliable reports published, there is a possibility that the daily newspaper LA PRENSA might be closed and that the newspaper, as well as the daily EXTRA, has expressed its profound concern over freedom of the press in Panama;

the government has not kept its promise made to LA PRENSA of compensating for damage done when the National Guard occupied its premises;

columnist Guillermo Sanchez Borbon has received serious threats against his personal safety, forcing him to remain hidden for 2 weeks;

the newspapers of the firm Editora Panama America were taken away from their owners by means of suspicious legal manipulation;

Law No 11 of February 1978, which catalogues as a crime the publication of "false news" and stipulates imprisonment for the editor and the closing of the publication without any legal process, continues in effect;

The General Assembly hereby resolves:

to express its profound concern over the threats against Guillermo Sanchez Borbon and its intention of carefully watching over his safety;

to insist that the government and defense forces respect freedom of the press and the right of LA PRENSA and EXTRA to freely publish their news and opinions;

to urge the government to compensate LA PRENSA, based on its promise, to abolish Law No 11 and return to their legitimate owners the facilities of Editora Panama de America, Inc.

Paraguay

Whereas: in Paraguay, attacks and threats aimed at radio stations "Nanduti" and "Caritos" in particular and at periodicals, television stations, foreign correspondents and newsmen in general continue to grow in intensity;

the daily ABC COLOR was closed 17 months ago by a decision of General Stroessner;

The General Assembly hereby resolves:

to urge General Stroessner once again to permit the reopening of the daily ABC COLOR and to cease arbitrary action against and persecution of the press of Paraguay.

Uruguay

Whereas: in Uruguay, the government has been democratically elected;

The General Assembly hereby resolves:

to ask the Legislative Branch of Uruguay to pass rapidly the bill modifying the press law, which was approved by the previous government and which contains elements harmful to freedom of the press.

Official Publicity

Whereas:

a growing number of national governments, especially those of Ecuador, El Salvador, Nicaragua, Panama, the Dominican Republic and the provincial government of Buenos Aires in Argentina use official publicity as an instrument to benefit media that favor them and punish organs of the press viewed as enemies;

The General Assembly hereby resolves:

to repeat its request sent to the governments of Ecuador, El Salvador and the Dominican Republic and ask the president of Panama and the governor of Buenos Aires Province to abstain from this antidemocratic practice;

to condemn this form of discrimination as a violation of freedom of the press and urge the abandonment or this abusive use of funds collected from taxpayers.

11,464
CSO: 3348/183

CHILE, ARGENTINA TO CONDUCT JOINT OPERATIONS IN ANTARCTIC

Santiago EL MERCURIO in Spanish 27 Oct 85 p C-1

[Text] Chile and Argentina will start performing joint scientific tasks in the Antartic region in December, according to an announcement of Chilean Antartic Institute (INACH) Director Pedro Romero Julio.

He said that the national flag M/S "Capitan Alcazar," and the neighboring country's icebreaker "Irizar" will be assigned to these activities. Chilean experts will go on board the trans-Andean naval unit, and viceversa.

He stated that this bilateral endeavor marks the beginning of the collaboration between the two countries, following the signing of the Chilean-Argentine Peace and Friendship Treaty that went into effect on 2 May of the current year.

The contacts that resulted in the decision to conduct coordinated tasks in the Antartic were begun in Buenos Aires in June of this year. Officials of the respective ministries of foreign affairs, including Argentine Antartic Institute Director Dr. Carlos Rinaldi and his Chilean counterpart, Pedro Romero, took part in them. The same subject was discussed by the two delegations that attended the meetings held in Paris and Brussels, which convened the representatives of the member countries of the Antartic Treaty.

Biology and Geology

The INACH director states that the collaboration will be concretized in a program of joint scientific activities related to biological and geological studies which will foster the exchange of scientists.

On the other hand, other joint programs in different specialities are being implemented with Spain in the realm of international scientific cooperation. Romero pointed out that the last mentioned country and Italy have officially announced their decision to organize expeditions to the Antartic Continent.

With regard to the Chilean-Argentine bilateral activity, he added that once the disagreement was settled and the Peace and Friendship Agreement was signed, "we have engaged in a joint effort."

Speaking in general terms, he explained that this activity in the Antartic "will have a manifold future effect on these two countries that neighbor the White Continent, have an Antartic tradition, exert sovereignty over that place, and are consultative and adjoining." This bilateral action, he said, "is of extraordinary importance."

Preparations in Chile

In the meantime, an extraordinary meeting was held at the headquarters of the INACH in Santiago which was attended by all the project leaders. A complete checkup of all the instruments to be used in the 22d Antartic Scientific Expedition was also made.

8414/12948
CSO: 3348/150

BRIEFS

CARICAD HEADQUARTERS--An agreement between the Government of Barbados and the Caribbean Centre for Development and Administration (CARICAD) designating CARICAD's office in Barbados as its headquarters, was signed yesterday at the Ministry of Foreign Affairs and International Trade. The signatories to the agreement were Minister of Foreign Affairs and International Trade Senator Nigel A. Barrow, on behalf of the government, and Executive Secretary Mr Selwyn Smith, on behalf of CARICAD. [Excerpt] [Bridgetown BARBADOS ADVOCATE in English 16 Nov 85 p 1 FL] /9274

OECS AGENCY'S HQ--Roseau, 6 Dec (CANA)--Dominica is to be the headquarters of the new Organisation of Eastern Caribbean States Export Development Agency (EESEDA), Trade Minister Charles Maynard has said here. Maynard said the agency would be responsible for providing, among other things, a marketing advisory service, packaging and sales literature, a trade information service and overseas representation. The decision to site ECSEDA here, Maynard said, was taken during the just-concluded heads of government conference of the OECS states in St Vincent. Maynard said that it was agreed that whatever the range of activities, the essential consideration determining the agency's effectiveness was that its services are geared directly to exporters' needs. Establishment of the agency was expected to cost EC4 million dollars (one EC dollar; 37 cents U.S.), with an annual operational cost of one million dollars (U.S.), Maynard said. He said the setting up of ECSEDA was a breakthrough for the development needs of OECS countries. [Text] [Bridgetown CANA in English 2112 GMT 6 Dec 85 FL] /9274

MEXICO, BOLIVIA SIGN AGREEMENT--La Paz, 9 Dec (AFP)--The Bolivian and Mexican governments have signed an agreement on exchanging prisoners to complete their sentences in their country of origin. There was no information of how many Bolivian prisoners are in Mexico or how many Mexican prisoners are in Bolivia. [Summary] [Paris AFP in Spanish 0718 GMT 10 Dec 85 PY] /9738

CHILE, ARGENTINA BORDER TRAFFIC-- The executive committee of the International Trade Truck Owners Association will travel to Argentina in a few days to analyze and seek a solution to the problems facing truckers entering the trans-Andean country, inasmuch as the regulations regarding the road traffic sector in that country are completely different to ours. Adolfo Quinteros, president of the association, pointed out that during the visit, they will discuss with the Argentine authorities the way to coordinate both sectors "inasmuch as this is currently one-sided because Argentine trucks have no problems operating in Chile, while we must abide by a number of requirements that hinder the normal traffic of the vehilces." [Excerpt] [Santiago LA NACION in Spanish 30 Oct 85 p 6] 8414/12948

CSO: 3348/150

PLO REPRESENTATION REPORTEDLY 'PROBABLE' IN MARCH 1986

Buenos Aires EL PERIODISTA in Spanish 7 Nov 85 p 36

[Article by Nancy Sosa: "The PLO in Buenos Aires"]

[Text] Prospects that the Palestine Liberation Organization might be officially represented in Buenos Aires seem to be moving forward following the visit by PLO deputy minister for Latin American affairs Farid Suwwan. The almost secret meeting of Suwwan and the presidential adviser on military affairs, retired Col Jose Maria Tisi Bana (held the same night that President Alfonsin was participating in a banquet of the Israeli DAIA [Delegation of Argentine-Jewish Associations]), also fueled unconcealed optimism on the part of local sympathizers of the Palestine organization.

Despite the discretion surrounding the matter, official circles have let it be known that March 1986 is a "likely" date for the opening of the PLO office in Buenos Aires. Less clear, on the other hand, is the profile to be adopted by the representation. Would the Argentine Government accept a Palestinian embassy with all the diplomatic attributes? Should the representation constitute an information office with diplomatic status, such as the one operating in Washington? Or would it be more suitable to set up a PLO agency similar to the one in Spain, mainly concerned with promoting commercial trade?

The answer to these questions fits into a favorable framework for the diplomatic influence of the Arab world on the Argentine Government. On 25 November, the UN General Assembly should once again take up the conflict in the Malvinas. The votes of the 110 nonaligned countries, the 47 nations of the Islamic Confederation and the 22 members of the Arab League represent a noteworthy source of support. Even before the date of 25 November -- certainly within the course of this week -- Alfonsin will have received from the PLO a formal request to set up official representation in Buenos Aires.

New Frontiers

The current diplomatic campaign of the PLO is being waged, furthermore, within the new context created by the Israeli bombing of Tunis on 1 October and the subsequent crisis unleashed by the highjacking of the Italian "Achille Lauro" and American military action in the Mediterranean. For the Palestinians, it is now clear that "the frontiers of war are no longer the borders with Israel, but rather, those established by the Israeli Government and its American ally, both of which are willing to carry the conflict beyond their borders, as far as the capitals of the Arab countries in North Africa," Suwwan says. "We want peace and the sooner the better. My people do not want to continue the war and do not want violence." But, according to the deputy foreign minister of the PLO, the creation of a Palestinian state with a secular, democratic government finds no channel "because in Israel, there is a power structure whose decision on resolving the Palestinian question is based on the belief that the final solution is genocide."

Suwwan does not hesitate to call the highjacking of the "Achille Lauro" "the reaction of a tiny group that has nothing to do with the Palestinian purpose." The four members of the command "were going to be tried and harshly condemned by the PLO, not only because of the kidnapping and the murder, if they did in fact commit it, but also for the attack and defamation of the noble struggle of the Palestinian people."

The controversial episode of the American capture of the Egyptian plane carrying the Palestinian commandos (action later causing the fall of the Italian Government and tension between Egypt and the United States) included one significant detail, according to Suwwan: "The telephone conversation between Ronald Reagan and the American Defense Department on what to do with the Egyptian plane if it did not surrender obtained the following response from the President: 'Let our friends shoot it down.' The friends to whom Reagan was referring were the Israeli Armed Forces."

The result of the American attitude is interpreted by the PLO as "total humiliation" for the Italian Government and "a clear violation of the independence and sovereignty of a state," but it also represents "a lesson Reagan is giving, not only to Italy, but to all European governments, including those of Francois Mitterrand and Margaret Thatcher, who shortly after the episode refused to receive an official delegation from Jordan."

Suwwan maintains that Reagan decided to administer "exemplary punishment" to European countries inclined to adopt independent positions and to speak out in defense of peace in the Middle East, precisely as Italy had done. "It would appear that Washington also wants the head of the Egyptian Government because it decided not to yield totally to Reagan's power and to manifest greater rapprochement with the Arab world," Suwwan said.

Nonaligned

For years, Suwwan has been promoting a rapprochement between Latin America and the community of Arab countries. As a diplomat, he visited Nicaragua on different occasions and admits that "the Sandinist Government is a friend of the Palestinian cause and we have good relations." On the other hand, he denies stories about the direct or indirect military support which the PLO is said to grant Nicaragua: "There is no such support because the Nicaraguan people do not need it. They can defend themselves from any foreign aggression." The deputy foreign minister of the PLO does not rule out the prospect of the United States turning the Central American conflict into what Vietnam was a decade ago or into what the Middle East is now. He also warns that military intervention or support for opposition forces in any country promotes the right of other nations to do the same and this would extend the war throughout Latin America.

PLO leaders maintain that in the current international situation, the Movement of Nonaligned Nations to which the PLO belongs owes it to itself to have a new formulation that "is already underway." There is great hope for the meeting which the Group of the 77 is to have in April of next year in Brasilia, which could lead to important adjustments in trade relations and the convergence of criteria on issues relating to disarmament, the war in the Middle East and Latin American conflicts.

The expectations of the PLO concerning Argentine foreign policy seem to be cautious, on the other hand. During his visit to Buenos, Suwwan confined himself to pointing out that his organization "would be most happy if Argentina were to play a very important role, along with other Latin American nations, in nonalignment and in the creation of a third force between the East and the West." In that sense, the PLO has hailed the creation of the Cartagena Group and efforts to unify criteria on the countries facing economic crises because of their foreign debts. "We would fully support a Latin American-Arab dialogue benefiting both sides," Suwwan says, although he recognizes the failure of negotiations conducted through the League of Arab Countries "due to the censure, the veto by the American Government." In order to get back on the path, the PLO is now seeking other forms of dialogue.

11,464
CSO: 3348/213

SOCIALISTS REJECT RADICAL GOVERNMENT'S POLICIES

PY222316 Buenos Aires TELAM in Spanish 1851 GMT 21 Dec 85

[Text] Buenos Aires, 21 Dec (TELAM)--Oscar Palmeiro, the secretary general of the Argentine Socialist Confederation, today ruled out the possibility of cooperating with the policy of the radical government, which he said can only deepen the country's dependence.

The leader said: We, the Argentine Socialists, want to work for national unity with a liberation project that includes the labor and productive sectors and the professionals and technicians who have no ties with imperialism.

Without a national liberation project, this convocation by President Raul Alfonsin is, like some previous attempts, aimed at dividing the opposition parties and broadening the sector that supports the government, in the absence of a policy of real transformation, which is the only way to solve the crisis, Palmeiro said.

He added that the only objective of the Baker Plan, which the government technocrats are analyzing as a chance to overcome the current critical situation, is to force us to make more efforts to meet our obligations with the creditor banks, which are responsible for the enormous debt that is hindering our development.

Palmeiro, who is a member of the Socialist Unity Alliance, made these statements during a Socialist Congress being held in Mar del Plata.

/9738
CSO: 3348/304

ECONOMIC, SOCIAL CONFERENCE HOLDS FIRST MEETING

PY191138 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0100 GMT 19 Dec 85

[Excerpts] Buenos Aires, 18 Dec (NA)--The Economic and Social Conference on 23 December will outline the salary policy that will go into effect as of January 1986. The subject was debated at length during the first meeting of this tripartite organization that lasted 4 hours at Government House yesterday.

An official communique released at the end of the meeting stated that the three parties involved agreed that "the drop in the inflation rate has been possible thanks to the effort of all sectors, especially of the workers."

The Economic and Social Conference was adjourned tonight until 1000 on 23 December. The communique indicated that "in the meantime, consultations and exchanges of information between the participants will continue," in order to arrive at agreements on the salary policy that will go into effect as of 1986.

The first meeting of the Economic and Social Conference was held at Government House and lasted from 1715 to 2115. It was presided over by Interior Minister Antonio Troccoli. President Raul Alfonsin, who remained at his office in Government House, and Saul Ubaldini, who is in Brussels attending the meeting of the CIOSL [International Conference of Free Trade Union Organizations], were not present.

In addition to the interior minister, the government was represented by Labor Minister Hugo Barrionuevo, Economy Minister Juan Sourrouille, Health and Social Action Minister Aldon Neri, and presidential spokesman Jose Ignacio Lopez.

The Argentine General Labor Confederation sent leaders Pedro Goyeneche (textile workers), Aldo Serrano (light and power workers), Alejo Farias (construction workers), Hugo Curto (metalworkers), and Jose Pedraza (railroad workers).

The businessmen's delegation was made up of Argentine Industrial Union [UIA] President Roberto Favalevic, UIA First Vice President Gilberto Montagna, UIA Third Vice President Luis Maria Blaquier, Argentine Industrial Council representative Rolando Pietrantueno, and General Industrial Confederation representative Rafael Kohanoff.

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CSO: 3348/304

BRIEFS

CGT WITHDRAWS FROM TALKS--Buenos Aires, 23 Dec (TELAM)--Sources of the Argentine General Labor Confederation [CGT] executive board have reported that the CGT today decided to temporarily suspend its participation in the Economic and Social Conference because it disagrees with the salary hikes that the government has announced. The CGT will call a plenary meeting of union secretary generals and representatives from rural branches in early January to make the final decision about negotiations with government and business representatives. The CGT executive board arrived at these decisions this afternoon and it also approved a very critical document on the government's socioeconomic policy. [Text] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 2117 GMT 23 Dec 85 PY] /9738

NEW MILITARY HOUSEHOLD CHIEF--Buenos Aires, 16 Dec (TELAM)--Air Force Colonel Hector Panzardi will be installed as chief of the Military Household of the presidency during a ceremony that will take place at Government House on 20 December. He replaces Colonel Juan Manuel Tito. [Summary] [Buenos Aires TELAM in Spanish 2217 GMT 16 Dec 85 PY] /9738

DEFENSE UNDER SECRETARY NAMED--Buenos Aires, 16 Dec (TELAM)--It has been officially reported that Jorge Horacio Carnelli has been named production under secretary of the Defense Ministry. [Summary] [Buenos Aires TELAM in Spanish 2050 GMT 16 Dec 85 PY] /9738

AGREEMENT WITH YUGOSLAVIA--The State Gas Company and the Yugoslav ("Ina-Project") Company signed a technological exchange agreement this afternoon to carry out joint programs of research, development, and supply of technical services. The programs include: planning the replacement of liquid fuels with Comprimik natural gas (GNC), the use of liquid gas as vehicle fuel; the use of polyethylene and other plastics to transport gas; the use of computers in gas distribution plants; for reading gages, recording data, and programming gas transportation. [Summary] [Buenos Aires TELAM in Spanish 0337 GMT 18 Dec 85 PY] /9738

TRADE WITH USSR DISCUSSED--Entre Rios governor Sergio Montiel has jointly reviewed with the president of the Argentine-Soviet chamber of commerce the possibilities for establishing a counterbalanced trade system between Entre Rios and the Soviet Union. [Text] [Buenos Aires Domestic Service in Spanish 1600 GMT 18 Dec 85 PY] /9738

CSO: 3348/304

NEW REPUBLIC LEADERS' INVOLVEMENT IN MAYORAL ELECTIONS SEEN

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 85 p 5

[Article by S.C.]

[Text] Brasilia--President Sarney, his ministers--especially Aureliano Chaves--Deputy Ulysses Guimaraes, and Governor Leonel Brizola are using their political prestige to support mayoral candidates in their state capitals. The most important figures in the New Republic, like their major opponents, are directly involved in the election campaign, being certain that what they are fighting for is control not only of the country's largest cities, where about 18 million voters are concentrated, but also of what are real trenches in the war that the upcoming direct presidential election promises to be.

Although a member of the PMDB [Brazilian Democratic Movement Party], President Sarney is not involved in state capitals where his party's candidates are running against representatives of the PFL [Liberal Front Party]. But he is betting everything on Jayme Santana, the PFL's candidate in Sao Luis, where the chief political middlemen are Deputy Sarney Filho (PFL) and Roseane Sarney Murad, an adviser in the Office of the Presidency. Things may get complicated for the president and his political group if the election is won by the PDS [Social Democratic Party] candidate, Gardenia Goncalves, Senator Joao Castelo's wife, who is backed by Maluf's supporters. Santana and Gardenia are neck to neck in the Gallup poll and well ahead of PMDB candidate Haroldo Saboya--who is supported publicly by Ulysses Guimaraes and is not sparing in his criticism of the president of the republic.

The narrow lead given to Senator Fernando Henrique in Sao Paulo by Gallup makes the situation difficult for Deputy Ulysses Guimaraes and Governor Franco Montoro, whose candidacies for president of the republic will be automatically wiped out if the PMDB candidate loses. If Fernando Henrique wins, the PMDB will be strengthened in the country's largest delegation to the presidential election college. But if Janio Quadros wins, Minister Olavo Setubal, who is a candidate for state governor with the support of the PFL and the PTB [Brazilian Labor Party], will gain as well. Also gaining in such a case will be former Minister Delfim Netto, who intends to run for the constituent assembly on the PTB ticket, and Paulo Maluf, who would then get even for his defeat in the electoral college.

The victory in Belo Horizonte by Sergio Ferrara (PMDB) strengthens Governor Helio Garcia--who is dreaming of becoming vice president in 1988--and the influence of the family of the late Tancredo Neves in Minas Gerais politics. It is a serious blow to Aureliano Chaves, who was counting on having Mauricio Campos (PFL) in city hall to support him in his race for state governor in 1986. Aureliano would benefit indirectly from a victory by Janio Quadros in Sao Paulo, but no one can guarantee that Janio himself will not be the PTB's candidate for president in 1988.

The PMDB's plan for electing its man president in 1988 is being hurt by the party's wretched election performance in Rio de Janeiro, where the victory by Roberto Saturnino strengthens Governor Leonel Brizola, whose electoral aspirations are also being given a boost by the good position enjoyed by Alceu Collares (PDT [Brazilian Democratic Party]) in the race for mayor of Porto Alegre. The governor of Rio de Janeiro is also rooting for Jaime Lerner to win in Curitiba despite that candidate's independence, because a victory by Roberto Requiao (PMDB), who is now ahead in the polls, would score a point for Governor Jose Richa and, consequently, for the PMDB.

Minister of Education Marco Maciel and Governor Roberto Magalhaes of the PFL will be the big beneficiaries if Sergio Murilo (PMDB) is elected in Recife. The defeat of Jarbas Vasconcelos, who has left the PMDB to run on the PSB [Brazilian Socialist Party] ticket, is bad for Minister of Justice Fernando Lyra, Miguel Arraes, and the "progressive" PMDB.

If the winner in Natal is Garibaldi Alves, Minister of Administration Aluizio Alves will gain, but if Vilma Maia (PDS-PFL) wins, the winners will be Governor Jose Agripino Maia and his family, who control both parties. In Fortaleza, the big lead by Paes de Andrade favors Governor Gonzaga Mota and is a disadvantage to Deputy Governor Adauto Bezerra and Paulo Lustosa, minister of debureaucratization, both of the PFL and both hoping to become state governor in 1986.

11798
CSO: 3342/22

ALMOST 20 PERCENT OF FAMILIES LIVE ON ONE-FOURTH MINIMUM WAGE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 85 37

[Text] Brasilia--About 20 percent of Brazilian families survive on an income of up to 82,280 cruzeiros--one-fourth the minimum wage--and workers between the ages of 10 and 19 provide over two-thirds of that income. The country currently has a total of 30.3 million minors, and that figure should reach 38 million by the year 2000. Although Brazilian legislation prohibits the employment of those under 12 years of age and sets strict standards for the employment of those over 12, a study by the Ministry of Labor has concluded that the law is inadequate for families in extreme poverty and points to the need to redirect public investment so as to reduce poverty in the country.

Legislation will not prevent child labor, and the study points out that solving the problem depends on providing more fair compensation and increasing welfare protection for adults. The number of minors in the country's labor force increases by 343,000 children and adolescents per year. Until 1980, their presence was showing a slight decline, but in that year it began to grow again. According to the ministry's survey, the working day for children can be as long as 15 hours, although the law stipulates a maximum of 8 hours per day with intervals of 11 hours.

Working conditions for minors are precarious: in 1981, 67 percent of them did not possess a signed work card. The situation grew worse in 1983, when about 73 percent of employed minors had no formal working arrangements. The studies by the Ministry of Labor also show that 15.3 percent of the population between the ages of 10 and 24 had no type of fixed remuneration for the work performed and that among those between the ages of 10 and 14, 33 percent received nothing for services performed.

Currently, 65 percent of workers between the ages of 10 and 24 do not attend school. According to the ministry's survey, this situation is explained by the length of the workday: among minors between 10 and 14 years of age, 74 percent of those who have not tried to study are coping with workweeks of more than 40 hours. In the same age group, 55 percent of the minors not in school work more than 48 hours a week. Statistics for the period between 1950 and 1970 indicated, however, that minors between 10 and 14 years of age were managing to stay in school longer. The low level or lack of school attendance explains the low wages or lack of remuneration among minors.

Most of the 343,000 minors entering the labor market every year--90 percent--are absorbed in three basic sectors: agriculture, services, and, to a lesser extent, industrial activities. The ministry's study blames the situation partly on current legislation, which imposes "inflexible and unrealistic safeguards" on the employment of minors. The ministry says that in addition to contributing to the current picture, that attitude has a "discriminatory and even biased" character.

11798
CSO: 3342/22

AIR FORCE MINISTER ON UNITY TO STRENGTHEN DEMOCRATIC PROCESS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Oct 85 p 13

[Text] Rio de Janeiro--Minister of Air Gen Ocravio Moreira Lima has issued an appeal for national awareness concerning the importance of the government's working in peace, "without tumult and without absurd proposals that will cause tumult in the democratic process." In an exclusive talk with O ESTADO DE SAO PAULO, the general said that "there is complete agreement among the military ministers in aspiring to make it possible to strengthen the democratic institutions, the principle of government authority, and respect for the legislative and judicial branches." The minister of air emphasized: "Genuine respect among the segments of Brazilian society and comprehension of its problems are the means by which we will achieve true democracy. It must be remembered that democracy is the system of a civilized country, and many times we need to show that we are civilized so as to make it possible to create in Brazil the democracy to which we all aspire."

The general said that the objective of strengthening democracy, which was symbolized by the exhortations of President-elect Tancredo Neves and which President Jose Sarney and the leadership associated with him intend to achieve with "firm steps," is also "the common goal of the military ministers": Minister of Navy Adm Henrique Saboia, Minister of Army Gen Leonidas Pires Goncalves, Chief of the Armed Forces General Staff (EMFA) Adm Jose Maria do Amaral Oliveira, and, naturally, the minister of air.

Moreira Lima said that "there have been unfair and groundless interpretations of the minister of army's conduct in the episode concerning the vote on amnesty for military men whose rights had been revoked. The minister's concern--shared by the other military ministers--was to prevent the creation of new technical-administrative realities that would have a negative effect on the Armed Forces," and there was never any thought "of even considering a political turning back."

The general announced that the military ministers had met and discussed all matters relative to the military amnesty that were the subject of debate in the political area, "and a technical-administrative analysis was made and sent to the political leaders." According to the general, "there was dialogue" between the military ministers and the party leaders "in exactly the same way that such dialogue takes place in a democratic system, with no attempt to ignore or deny the rights of those amnestied and the right of them and their families to compensation, especially since, as we know, some families have suffered poverty."

The minister of air continued: "Because of that, the possibility that those amnestied will be promoted to colonel if otherwise entitled to such promotion will represent reparation and a recognition of their careers. The analysis throughout the period in which amnesty was being voted on was concerned, therefore, with the consequences of an administrative nature and the resulting problems. The rights of those being granted amnesty were not denied."

Cordial Relationship

The financial problems resulting from rejection of the amendment proposed by the government and approval of the more comprehensive bill "would probably have been beyond the country's capabilities, bringing about a worsening of the economic situation. Because of that, a solution involving negotiation was reached, and that is what is possible under the circumstances."

In the general's view, "the professional and cordial relationship enjoyed by the Armed Forces with the National Congress, particularly with the political leaders, will not be jeopardized as a result of the episode involving the vote on amnesty for the military. On the contrary, there can and must be even a rapprochement and greater understanding between both parties."

The minister mentioned the recent visit by the speakers of the Senate (Jose Fragelli) and the Chamber of Deputies (Ulysses Guimaraes) to CINDACTA (Combined Air Safety and Air Traffic Control Center) in Brasilia, where they had the opportunity to become closely familiar with two of the Brazilian Air Force's most important activities--air safety and air traffic control, which have been integrated into a single system as an economy measure. In the general's view, that "was one of many occasions that political leaders will have, regardless of partisan aspects, to verify the professional activities of the Armed Forces, because they will then be able to see that the Armed Forces are geared to their own professional duties--that is, to fulfilling their responsibilities with no temptations foreign to their constitutional duties: respecting the constituted powers and authorities, subordinate to their supreme commander the president of the republic, and apolitical."

The minister of air said that "the determination on the part of the Armed Forces is to do everything" to see that the process of consolidating democracy "will proceed calmly." In fact, the military ministers need to preserve unity because in that way they not only ensure institutional support for the New Republic but also discourage the activities of those who sometimes want to destabilize it. And according to some analysts, among them an army officer who was once secretary of public safety in Sao Paulo and studied the problem of plots against the New Republic, such people have not given up.

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CSO: 3342/22

CHINA, JAPAN TARGETED AS MARKET FOR EXPORT DRIVE

aulo O ESTADO DE SAO PAULO in Portuguese 27 Oct 85 p 55

[Article by Nelson [illegible]]

[Text] Brasilia—Over the next few years, Brazilian foreign trade is going to be marked by efforts to gain entry for Brazilian products in markets with a large capacity for absorbing them—examples being Japan and the PRC—while at the same time, the policy of countertrade with countries in the Middle East and Latin America will be continued.

That is the outlook presented by Roberto Fendt, Jr., director of the Bank of Brazil's Foreign Trade Department (CACEX), in his analysis of the potential for Brazilian foreign trade beginning in 1986, especially from the standpoint of progress with exports. The trade balance will continue to show a surplus of about $12.5 billion—the result of export earnings of $26.5 billion and imports totaling $14 billion.

In the opinion of CACEX, imports in 1986 should be 8 or 10 percent higher than the $13 billion expected for 1985. Fendt pointed out that that is a "conservative" figure because with economic growth of 5 percent as forecast by the government in the National Development Plan, the need to replenish inventories will certainly increase. There has been leeway this year in all the CACEX import programs, meaning that the predicted imports did not take place. There was even a declining trend through June. But the resumption of economic growth, which is already noticeable this year, will increase the demand for machinery, equipment, and raw materials, leading to an increase of at least $1 billion in imports for 1986 despite the lower outlay for petroleum imports as a result of higher domestic production.

Planning

According to the director of CACEX, planning Brazil's trade balance for 1986 is organized around a series of basic premises concerning the national and international economies. In the domestic sector, CACEX expects an average rise of 5 percent in the GDP and an exchange policy similar to the one in 1985—characterized by minidevaluations of the cruzeiro and its depreciation at the same rate as the increase in inflation. CACEX also started from the principle that the government firmly intends to keep real interest rates compatible with the growth rate of 5 percent.

As far as the international economy is concerned, the premise adopted by CACEX is that it will grow by 3 percent, and that will keep the flow of imports stable. The rise in U.S. protectionism is not a matter of much concern to the director of CACEX, who sees in that attitude the reaction by U.S. industrial sectors to their loss of comparative advantages with respect to certain Brazilian products--in the area of iron and steel, for example. In the United States, says Fendt, there is plenty of room for Brazilian export products, and protectionism is manifesting itself in a "localized" form, being directed against certain products but not against exports as a whole.

The premises with which CACEX is working therefore make it possible to foresee export earnings in 1986 of $26.5 billion, or $1.5 billion more than the expected earnings of $25 billion in 1985. That will be a significant increase, and it is based in particular on an expected growth rate of 3 percent in the world economy next year. Brazilian imports are expected to total around $14 billion under the impulse of greater demand by industry as a result of the reheating of the domestic economy.

Explosive

The director of CACEX feels that beginning in 1986, Japan will constitute a market where an "explosive opening up" is going to occur owing to the large surplus in that country's trade balance, the surplus having led the Japanese Government to stimulate the significant increase in imports. From Brazil's standpoint, according to Robert Fendt, Japan constitutes an excellent market for semimanufactures and mineral and agricultural products in addition to products whose manufacture requires intensive use of electric energy, examples being pig iron, aluminum, and ferrosilicon. But he warns that Japan is not "an easy market," primarily because of the complete structure of its foreign trade, with the presence of business conglomerates that are very different from Brazilian firms involved in exports.

Besides also foreseeing a significant growth in exports to the Chinese market, the director of CACEX believes that Brazilian trade with Latin American and Middle Eastern countries will also be strengthened in 1986 as a result of the respective systems of mutual credit and countertrade. In the first case, a line of credit regulates transactions between Brazil and the other countries on the continent, with settlement being made only at certain intervals. With the countries in the Middle East, there will be increased use of the system, already used by PETROBRAS in connection with petroleum, which consists of linking imports of raw materials with exports of Brazilian products, both basic and manufactured.

Another big boost to Brazilian exports, in the opinion of the director of CACEX, will come from the current interest rate actually being paid by firms in operations for the prefinancing of exports. Because of the new monetary policy being pursued by Dilson Funaro in the Ministry of Finance, the government has managed to lower the interest rate, and the result has been a lowering of the interest paid by exporters in prefinancing operations. They now benefit from a 15-percent equalization rate guaranteed by the government. Exporters are now paying an actual interest rate of 10 percent--that is, the 25-percent market rate less the 15-percent equalization rate plus monetary correction. As the director of CACEX points out, this means that Brazilian exporters have achieved financing conditions equal to those enjoyed by their competitors abroad, and that fact is reflected in the final price of the goods they export.

Decentralization

The effort to put new life into Brazilian foreign trade beginning in 1986 will be supported by a change in the decisionmaking system at CACEX, which is to become less centralized. The 118 CACEX offices are to be granted broader decisionmaking powers through the transfer to them of responsibility for decisions which until now have been restricted to the central office in Rio de Janeiro.

In the opinion of the director of CACEX, that approach will lead to greater efficiency in all operations, whether involving exports or imports, and also speed up the decisionmaking process, thus sharply reducing costs for the businessmen, who will no longer have to travel from their states to the central CACEX office in Rio de Janeiro to obtain export or import permits. The decentralized decisionmaking process will be uniform so as not to allow differing interpretations concerning the matters being examined. A parallel measure now under study at CACEX that should also have a favorable effect on the pace of Brazilian foreign trade in 1986 calls for consolidating all the rules applying to export and import operations and their financing procedures.

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CSO: 3342/22

BRAZIL

DREAM TO BECOME OIL EXPORTER CLOSE TO REALIZATION

Rio de Janeiro O GLOBO in Portuguese 13 Oct 85 p 42

[Article by Ramona Ordones]

[Text] Brazil a petroleum exporter. That statement in 1979, when the country was producing only 170,000 barrels a day and depended heavily on imports, might have seemed an unattainable dream. Today, however, with production up to 600,000 barrels per day, the dream is no longer impossible. PETROBRAS production manager Joel Mendes Renno confirms that as early as the 1990's, not only might Brazil be self-sufficient, but it should also be producing more than it needs if hopes that sizable petroleum reserves exist in deep water in the Campos Basin are confirmed.

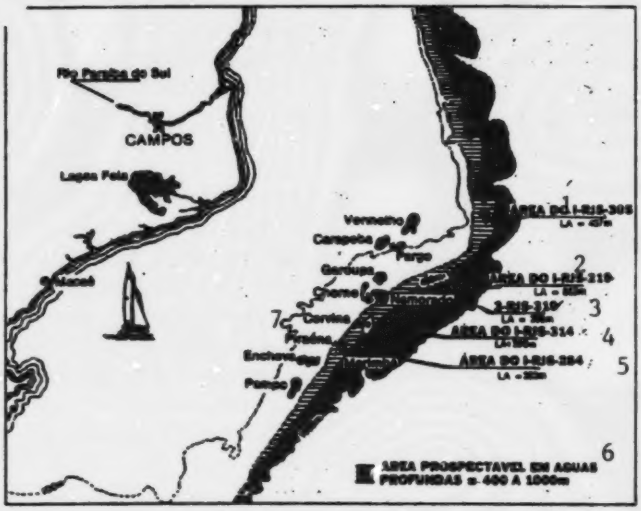
Eleven years after it was discovered, the Campos Basin--the country's largest oil region with reserves of 1.1 billion barrels--is not showing a decline in production, as would be normal. Instead, it is revealing the existence of a new and vast deposit, said Renno, in water where the depth is between 400 and 1,000 meters.

In the past 15 months, PETROBRAS has drilled five wells in deep water, and all have revealed the presence of petroleum.

He emphasized: "Over the long term, if we continue to discover petroleum with the same frequency, it is not impossible that the country will achieve self-sufficiency and even produce much more than required for its own consumption. But for that to happen, it is important that sufficient reserves exist, and it is impossible to set a date in such matters."

The first discovery of petroleum in deep water occurred last November [1984] with the drilling of Well RJS-305 northeast of the basin and 110 kilometers from the coast at a depth of 437 meters. The extension well (RJS-316, at a depth of 667 meters) confirmed the existence of the largest field ever discovered in this country, with reserves of over 360 million barrels of petroleum.

A few kilometers south of that area, PETROBRAS geologists believe they have found an even larger reservoir which may contain reserves of from 700 million


Rio Paraiba do Sul
CAMPOS
Lagoa Feia
Macaé
Vermelho
Carapeba
Pargo
Garoupa
Cherne
Namorado
Corvina
Piraúna
Enchova
Marimbá
Pampo
1 ÁREA DO I-RJS-305
2 ÁREA DO I-RJS-219
3 3-RJS-319
4 ÁREA DO I-RJS-314
5 ÁREA DO I-RJS-284
6 ÁREA PROSPECTAVEL EM AGUAS PROFUNDAS = 400 A 1000m
7

Key:

1. I-RJS-305 area, depth of water: 437m
2. I-RJS-219 area, depth of water: 853m
3. 3-RJS-319 area, depth of water: 390m
4. I-RJS-314 area, depth of water: 390m
5. I-RJS-284 area, depth of water: 383m
6. Prospective area in deep water (400-1,000 meters)
7. Names of offshore oilfields

to 800 million barrels and which Helio Beltrao, chairman of the state-owned firm, called a "gigantic field." PETROBRAS drilled two wells there (RJS-219 and L-319), both of which showed petroleum, and is now drilling RJS-325. The depth of water in that area ranges from 800 to 1,000 meters.

Although not admitting anything officially, PETROBRAS managers and technicians surmise that the sheet of petroleum extends alongside all the fields located in shallower water, where over 60 percent of the petroleum consumed in Brazil is produced and where the largest reserve is located.

PETROBRAS is scheduled to drill three more wells in deep water in Campos this year, and if expectations are confirmed, Brazil will not be far from becoming a petroleum-exporting country.

Renno emphasized: "It is possible that a new Campos Basin with reserves larger than the current reserves exists in deep water. If so, that will guarantee production of from 800,000 to 1 million barrels per day. But it is impossible today to determine when that is going to happen."

The manager emphasized that it is important for the country to continue looking for petroleum in deep water and to develop the technology for extracting it even in the current phase of low petroleum prices on the international market. According to Renno, the market is cyclical, and the current situation, which is favorable to petroleum-importing countries, may reverse itself. If Brazil does not prepare for a change, it will be faced with serious economic problems as in the past.

Joel Renno says that before PETROBRAS decides to bring an oilfield into production, it conducts a detailed study that takes innumerable parameters into account, examples being reserves, the time it will take for them to be depleted, and the volume of production. It is those studies which will indicate whether exploitation of the reserve is feasible or not, as will the savings in foreign exchange, the type of equipment required, the costs, and the timing. And that kind of study will be made concerning development of the giant field discovered thanks to Well RJS-305. It may even indicate that exploiting the field at this moment would not be economical.

Renno concluded by saying: "Development of a well also depends on a decision by the government itself if, for example, the cost is high, but if it is considered necessary to the country, it will be done."

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CSO: 3342/22

PROALCOHOL PROGRAM RESULTS ASSESSED TO BEGIN THIRD PHASE

Alcohol Program Changes Course

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 1

/Article by Marcia Raposo of Sao Paulo: "Changes in PROALCOOL"/

/Text/ The Alcohol Production Program (PROALCOOL)--created exactly 10 years ago by Decree-Law No 76,593 of 14 November 1975--is to undergo another change of direction. The government and the producers are reviewing targets and reevaluating the results obtained to date, with a view to initiating the third phase of the program at the start of 1986. The government and the producers are busy at the present moment reevaluating the program with the aim of reorienting its goals, which include a more rapid increase in productivity and an increase in exports. Minister of Industry and Commerce Roberto Gusmao, who announced the new changes, is now preparing the merger of the National Alcohol Executive Commission (CENAL) and the Sugar and Alcohol Institute (IAA), it was learned by Brasilia reporter Sergio Garschagen.

Meanwhile, the interministerial committee that is reevaluating PROALCOOL is endeavoring to obtain overall statistics concerning the sector--the number of distilleries installed and projected and the effective production capacity--for the purpose of establishing new policies. It is known that the government no longer wishes--because of a lack of resources--to subsidize new installations or even to authorize new projects in regions where sugarcane is grown intensively, such as northeastern Sao Paulo state (the Ribeirao Preto region). Efforts are accordingly directed toward obtaining greater productivity from the distilleries and also from the cane fields.

"Our next steps will have to be in the direction of technological improvement, without neglecting the goal of expanding the ranks of alcohol consumers," declared Cicero Junqueira Franco, president of the Sugar and Alcohol Producers Association (SOPRAL). How to reorient the existing distilleries--calculated by SOPRAL to total 560 (of which 347 are independent and 213 attached to the sugar mills)--and what policy to apply in reprogramming goals: these are matters for the entire sugar-and-alcohol sector to discuss with the government from next 18 to 20 November in Brasilia during ECONALCOOL VI (the National Assembly on Alcohol).

New Directions Are Necessary

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 13

/Article by Marcia Raposo, of Sao Paulo: "The Time Has Come To Establish New Directions"/

/Text/ An anniversary in the midst of reevaluations and changes: this is the turning point of the 10 years of PROALCOOL, which was created on 14 November 1975 by Decree-Law No 76,593 and signed by the then president Ernesto Geisel. Two phases of PROALCOOL have elapsed between then and now, and at the present moment an extensive discussion is taking place for the purpose of rethinking the orientation of the program.

A new overall policy for the alcohol sector, and establishment of the goals for a third phase of the program (to be initiated in 1986), are on the agenda for the talks between the government and the producers during ECONALCOOL VI (The Sixth National Assembly on Alcohol), which will be held in Brasilia from 18 to 20 November. "The fundamental objective of the assembly is to transmit concrete proposals from the alcohol sector for the government to consider in the new phase of the program," explains Cicero Junqueira Franco, president of the Sugar and Alcohol Producers Association (SOPRAL).

The producers studied some of the goals of the third phase: expansion of the alcohol-chemical sector, with production annexed to alcohol distilleries (downstream); an increase in the production of anhydrous alcohol for use as a gasoline additive, largely with a view to its export; a more efficient exploitation of by-products of the milling of the cane, such as bagasse and (vinhaca) /meaning unknown/, for use respectively as animal feed and fertilizer; and finally, technological advances in respect to processes, with a view to increasing productivity both in cane growing and in the production process at the distilleries.

The first phase of PROALCOOL--the period 1976-1980--was devoted basically to constructing distilleries as annexes to the already-existing sugar mills, especially the larger mills. The first plants to be completed with funds from PROALCOOL include the Pedra (Baudilio Biagi), Vale do Rosario (Cicero Junqueira Franco) and Santa Elisa (Maurilio Biagi Filho), all of which are in the Ribeirao Preto region of Sao Paulo state. During this period 95 percent of the funds used to subsidize the implementation of PROALCOOL came from the Bank of Brazil; the rest came from programs such as the FINAME /Fund for Financing Machinery and Equipment/ and BNDES, for the purchase of part of the equipment.

"The first independent distillery was the Alcidia (Rui Silva group)," SOPRAL's Franco recalls. "The plans for the plant were already completed and en route to the IAA /Sugar and Alcohol Institute/ when PROALCOOL was created."

The goal of the first phase was the production of alcohol for fuel, to be added to gasoline in a proportion of up to 20 percent of the resultant mixture. After 1980--already in the second phase--the objective was motor vehicle engines that burn 100 percent alcohol. Production then began to be centered basically on the supply of hydrated alcohol and no longer on anhydrous alcohol. "At the end of this second phase," Franco noted, "the final figures were as follows: 347 independent and 213 attached plants established with financing from PROALCOOL, for a total of 560 plants with a total production of 11.5 liters this year."

In 1983 funds for PROALCOOL began to be scarce, and the government went to the IBRD for money to continue the program. "During these 10 years a total of $6.462 billion was invested in the program," the president of SOPRAL explained; "of this total, $3.7 billion was in the form of financing and $2.72 billion in the form of the plant owners' own funds. Of the total of $6.462 billion, $4.48 billion was invested in the alcohol industry and $1.98 billion in the agricultural portion of the projects."

Investment in PROALCOOL reached its peak in 1981 (see table), when funds totaling $1.477 billion were allocated to the sector; of this total, $1.147 billion was financed principally fr the Bank of Brazil and $330 million came from the producers' own funds. The estimated total investment for 1985, Franco says, is $330 million, of which only $30 million is in the form of financing and $300 million is from the producers' own funds. "There is no longer any reason to finance or subsidize alcohol, because the existing facilities are already able to generate their own resources for reinvestment in their new projects," Franco believes. "Moreover, the government is not disposed to finance any more projects, especially in areas where there is already a large concentration of plants."

Table 1. PROALCOOL: Investments (in Millions of Dollars)

Year	Financing	Own Funds	Total
1976	41	31	72
1977	217	285	502
1978	286	238	524
1979	259	361	620
1980	572	231	803
1981	1,147	330	1,477
1982	621	143	764
1983*	249	145	434
1984	318	618	936
1985**	30	300	330
Total	3,740	2,722	6,462

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* Start of IBRD funding

** Estimate

Source: CENAL, SOPRAL and GAZETA MERCANTIL Data Center.

From PROALCOOL's creation in 1976 to the present, the productivity of the plants rose from an average of 58.6 liters per ton of crushed cane to 70.5 liters per ton in the 1984-85 harvest in the Center-South region. In the North and Northeast the increase was considerably greater: from 53.5 liters at the start of the program to 75 liters at the time of the current harvest.

"However," Franco says, "we must strive harder and achieve higher productivity. The gains made henceforth will be in the production processes, especially in respect to fermentation of the cane--a field in which a rather advanced Japanese technology exists."

Problem of Oversupply Faced

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 13

/Article by Suely Caldas, of Rio de Janeiro: "The Government Faces the Oversupply Problem"/

/Text/ Although initiated with the full force and support of the governments that came into power following its creation in 1975, PROALCOOL has faced innumerable obstacles throughout the last 10 years, and its long-term target--14.3 billion liters per year by 1987--will definitely not be attained, despite the fact that there is sufficient installed capacity in the distilleries today for an annual production of 16 billion liters.

One of the major problems in connection with the program was not the alcohol as such but its first cousin, sugar--the prices for which since 1976 have experienced a downward slide on foreign markets, obliging Brazil to reduce its production increasingly. This year Brazil is producing 7.7 million tons of sugar, after attaining a total of 9.1 million tons in 1983.

According to the Sugar and Alcohol Institute (IAA), the target for alcohol production established for this year was 10.7 billion liters, which ultimately was surpassed by an additional 600 million liters because of the decline in sugar production. Stimulated by the expansion of the program and by the strong support of the government and even of the World Bank--which granted a loan of $250 million to PROALCOOL--mill owners and sugarcane growers continually expanded the area planted to cane, and this year the major problem for the IAA management is the 14 million tons of cane left standing unharvested in the fields because the market is unable to absorb any more sugar or alcohol beyond the scheduled quantities.

In its turn, the National Alcohol Commission approved projects for the installation of new distilleries, basing their action much more on the graph constructed at the end of the decade of the 1970's than on the reality of the market for the two products derived from sugarcane--sugar and alcohol. According to the IAA, there are approximately 430 distilleries currently in operation with a total installed capacity of 16 billion liters, and 20 projects under construction that will be able to produce an additional 2 billion liters. The nation will accordingly have, within a short time, the capacity to produce 18 billion liters annually at a time when the domestic and foreign markets will probably be able to absorb no more than 12 billion liters.

Faced with the reality of these figures, the present government had no alternative other than to step on the brakes of PROALCOOL and mark time for a while. At the present time there are 200 new distillery projects that will have their study processes put on hold until the government decides to reactivate the program. Already in 1982 the National Alcohol Commission stopped approving any new distillery projects that called for government financing; since that time few projects have been approved, and they have had to be carried out at the expense and risk of the entrepreneurs themselves.

The technical experts of the National Alcohol Commission argue that the program--and the entrepreneurs participating in it--would be faced with far fewer problems today if sugar prices on the foreign markets yielded a profit, in which case these enterprises would be using cane to make sugar and would not be pressuring the government to use this raw material in the manufacture of more alcohol. In any event, the 450 distilleries now in operation or under construction will have to operate with unused capacity for several years, inasmuch as government projections indicate that the 18 billion liters of installed capacity cannot be totally absorbed by the market until 1990.

The IAA has not yet completed an evaluation of the loss to the sugarcane crop resulting from the drought that afflicted various producing regions. Some technical experts of PLANALSUCAR believe that this evaluation will be delayed further, because the most recent rains may have salvaged the sugarcane yield to a greater or lesser extent. Regardless of the size of the coming cane crop, however, the IAA estimates that alcohol stocks will total 1 billion liters at the beginning of the next harvest on 1 June 1986.

Oil Price Drop Poses Problem for Alcohol

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

/Article by Rita Medeiros, of Brasilia: "The Program Was Launched When Brazil Was Paying $35 a Barrel for Oil"/

/Text/ In 1975, the year PROALCOOL was launched, Brazil was importing two-thirds of all the petroleum it consumed and crude oil was fluctuating on the market at around $35 a barrel. Ten years later, the picture has changed radically. PETROBRAS is today producing, on Brazilian territory, more than half the volume of oil necessary for the nation's domestic supply--and the price per barrel has dropped to the $20 level. Moreover, PROALCOOL is today an "irreversible and definitive program," in the opinion of the chairmen of the National Alcohol Executive Commission (CENAL) and of the National Council for Petroleum (CNP), respectively Ricardo Alves de Lima and Roberto Franca Domingues.

In the view of these two entities, which in recent days were in the forefront of a controversy over the administration of PROALCOOL and especially over the future orientation of the PETROBRAS alcohol account--the low prices for petroleum are not endangering the progress of the program. In the opinion of the CENAL chairman, "the threat that petroleum poses to alcohol is not a serious threat but does call for competitiveness." The CNP chairman agrees, and for the same reasons.

Both men, however, favor adjustments within PROALCOOL. Ricardo Alves de Lima--who is also secretary general of the Ministry of Industry and Commerce--believes that beginning with the next sugarcane harvest PROALCOOL must be oriented toward harmony between the fuel alcohol market and fuel alcohol production. The Interministerial Commission for the Evaluation of PROALCOOL--created 1 month ago by ministers Roberto Gusmao and Aureliano Chaves--has the task of submitting the principal suggestions for changes in the policy regarding anhydrous alcohol and hydrated alcohol. The CENAL chairman has in the meantime provided some clues as to what may be changed when the final report of the commission is delivered. He says that the lag on the part of alcohol in relation to the price of gasoline--whose differential is currently 65 percent--must continue to be evaluated, together with the effects of increasing the percentage of anhydrous alcohol in the fuel mixture and the impact of the incentives such as the exemption from taxes (the Single Road Tax and the Single Tax on Fuels, among other taxes). At the same time--the CENAL chairman says--both the CNP and the Sugar and Alcohol Institute (IAA) must act in concert with respect to setting the producer prices and consumer prices for anhydrous and hydrated alcohol, although he adds that the problem with the alcohol account--as confirmed in recent months by PETROBRAS--was not a problem of coordination between the two agencies.

The CNP chairman also agrees with this appraisal, and says that to solve this problem only more realistic price adjustments for gasoline will succeed in bringing the producer price for hydrated alcohol (2,235.52 cruzeiros) and for anhydrous alcohol (2,361.67 cruzeiros) closer to its consumer price, which is 2,030 cruzeiros. The difference between the two prices for hydrated alcohol is 699.48 cruzeiros and for anhydrous alcohol 186.72 cruzeiros. According to Roberto Franca Domingues, the deficits in the PETROBRAS alcohol account may continue if the difference between the two prices continues in the same ratio. In his opinion the government measures adopted last week--such as the measure to make payment to the producers for the PETROBRAS alcohol invoices on a monthly basis, and the reallocation to that state enterprise of an additional 1 trillion cruzeiros through the Special Secretariat for Control of the State Enterprises (SEST)--will only temporarily increase PETROBRAS' capacity for the purchase of alcohol.

IAA-CENAL Merger Proposal Being Readied

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

/Article by Sergio Garschagen, of Brasilia: "Proposal for IAA-CENAL Unification Will Be Submitted to Sarney"/

/Text/ Minister of Industry and Commerce Roberto Gusmao will within the next few weeks submit to President Jose Sarney a proposal for unification of the Sugar and Alcohol Institute (IAA) with the National Alcohol Executive Commission (CENAL).

According to MIC Secretary General Ricardo Uchoa Alves de Lima, who is also chairman of CENAL, the basic idea is to transform the two agencies--which deal with the same products but are in no way coordinated--into a third agency that will be "more dynamic, more competent, with a simpler and smaller structure."

This new organ of the MIC is still without a name but will basically have the role of regulating the sugar and alcohol sector; planning crops for the medium term instead of on a yearly basis, as is the case at present; and setting prices for the producer while assisting the CNP in the formulation of the retail price lists for fuel alcohol. The new structure to be formed from the merger of the IAA and CENAL will also have a normative function.

PLANALSUCAR--the traditional technological development center linked to the IAA--will also undergo a change; it will be transformed into a foundation that will operate in close association with private enterprise in the development of new technologies for immediate utilization by the producers. Alves de Lima explains that those plants still in the hands of the IAA will also be privatized in proportion as the Bank of Brazil liquidates the debts contracted by the plant owners with the Institute, which will limit itself to administering sugar prices through the medium of its existing structure. The MIC argues that PROALCOOL was created in the midst of an oil crisis that demanded a typical governmental solution, namely the creation of an organ expressly designed to provide substitutes for petroleum products consumed in Brazil. This phase of CENAL has already passed, as the program--definitively implanted in the nation--is now entering its second phase: a phase which in the opinion of the MIC secretary general will be characterized not by the construction of new plants but by an increase in the productivity of the existing ones. This policy will permit more competitive pricing of the product on the domestic market together with lower prices for the export trade; sugar policy will be revised in response to the fact that the production of alcohol has upset the existing traditional market for sugar throughout the country. "Today," Alves de Lima says, "coordination is required precisely because the two products are closely interconnected."

Alves de Lima emphasizes that the government intends from now on to speak with one voice in energy matters, doing away once and for all with the different sets of data existing among the IAA, CENAL and CNP--a circumstance that has prevented the energy sector from providing the public with an accurate picture of the situation.

Alcohol-Powered Car Sales Up Sharply

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

/Article by S. Stefani, of Sao Paulo: "Sales of Alcohol-Powered Motor Vehicles Take Off"/

/Text/ Sales of alcohol-powered motor vehicles today represent 85 percent of the total domestic sales of the automobile industry. In the case of automobiles strictly speaking, the figure is even higher: around 95 to 97 percent. Not always, however, did alcohol enjoy such wide acceptance as an alternative fuel. There were times when the public image of alcohol-powered vehicles was so bad that PROALCOOL was almost rendered inviable. A great deal of discussion, and a patient and exhaustive effort, were necessary in order to regain its market.

In the beginning, when the program was launched, a dose of incentives for the use of alcohol as fuel--coupled with several whiffs of the fear existing at the time (the gasoline supply could have been endangered because of conflict in the Middle East)--ensured a rapid increase in the demand for vehicles powered by this fuel.

The technology then available for alcohol-powered motors was still in its infancy, however. The conversion of gasoline motors to alcohol produced frustrating results: the cars wouldn't start, they misfired and they consumed more than twice as much fuel as the original version. Even the automobiles that the automotive industry itself began to put on the market did not offer results that were much better.

The outcome of such a situation was obvious: after an exciting start, the progress of alcohol-powered vehicles came to an abrupt halt. Automobiles equipped with motors capable of functioning with this fuel began to clog the showrooms. Some motor customizers who had specialized in conversions began to go bankrupt.

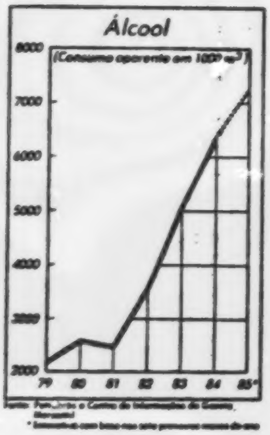
It was a time of great controversy, of mutual recrimination. The alcohol producers complained that the automobile industry was not making the slightest effort to improve the cars. The assemblers, for their part, were complaining about the quality of the alcohol and alleging that they had advised the government that satisfactory technology was not yet available to them in this area. The government, for its part, countered that the automobile plants and the alcohol producers were equally to blame.

A meeting held at the headquarters of ANFAVEA /National Association of Automotive Vehicle Manufacturers/--the entity to which the assemblers belong--set out to solve the problem. At this meeting--which was kept secret for many years--representatives of the factories, the alcohol producers and the government itself came to the conclusion that the more they engaged in mutual recrimination the more they would harm the image of alcohol-powered vehicles.

The accusations ceased. Everyone began to praise the program, in an orchestrated posture that immediately began to yield good results. The quality of the alcohol did indeed begin to improve and the technology of the automobiles as well, while certain governmental incentives--including a lower TRU /Single Road Tax/ and lower IPI /Manufactured Goods Tax/--provided the remaining impetus.

The program did indeed take off again. In practice, it proved ultimately to be a good way to help the automobile industry itself to begin to surmount the crisis of demand that had embittered the atmosphere since the beginning of the decade. Consumers who had been averse to replacing their cars began to replace their fuel.

There is still a long road to travel, however. In the category of trucks, for example, it has not yet been possible to sell many alcohol-powered vehicles beyond the confines of the plants themselves. Another area in which there will probably also be future changes relates to the ratio of alcohol-powered cars to the total of automobiles sold by the sector. It so happens that alcohol-powered cars become truly efficient, in terms of fuel consumption, only when the motor is running hot: in other words, after the car has traveled several tens of kilometers without stopping. Unless a technical solution is found, this fact will probably--at some time in the future--cause those who do not use their cars much to begin to give preference to gasoline-powered motors.



Graph 2. Alcohol: Visible Consumption (in Thousands of Cubic Meters)

* Estimate based on the first 7 months of the year.

Source: PETROBRAS, and GAZETA MERCANTIL Data Center.

Producer Subsidies To Be Phased Out

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

/Article by Sergio Garschagen, of Brasilia: "Subsidies to Producers May Be As Much As 33 Percent, the MIC Secretary Says"7

/Text7 The Ministry of Industry and Commerce (MIC) has no reliable data concerning the existing subsidies on alcohol that is produced domestically, mainly in the Northeast. According to MIC Secretary General Ricardo Alves de Lima the largest differential paid to producers may be as much as 33 percent, but this will be possible to know only through an actual survey of the producer prices for alcohol at various localities in the nation.

Once it has reliable data, the MIC proposes to initiate a short- or medium-term program to gradually extinguish the existing subsidies. "These subsidies," the MIC secretary general said, "were created to compensate the producers during the development of PROALCOOL, but with the intention that they be discontinued in due course and not go on indefinitely." This measure does not, however, mean a unification of alcohol prices throughout the nation, because one must take into account certain practical aspects such as average distances from producer to consumer; differences in the level of technological development among the producer states; and the potential of the consumer market.

After the merger of the IAA and CENAL, and with the completion of the in-depth investigation carried out by the interministerial commission, the MIC wishes to attain two other objectives that are regarded as basic by its chief: first, it wishes to make a radical change in the existing PROALCOOL system of marketing ("the fact is that production is based on current supply rather than on market demand, as one would expect"); and second (but no less important thereby), the MIC wishes to provide incentives for increasing the productivity of the distilleries. "Increased productivity," moreover, is one of the basic watchwords of the new industrial plan for Brazil now being formulated by the MIC. In this new plan, alcohol will be part of a more comprehensive and broadly-based energy policy and will no longer be dealt with in a routine manner, Alves de Lima explains.

The CENAL chairman admits that this increase in productivity--to be initiated with the future conversion of PLANALSUCAR into a foundation--will provide the conditions for Minister Gusmao to establish a market economy in the sector once and for all--an economy that will make it possible for some plants whose products are not competitive and whose management is deficient to be eased out of the market.

10992
CSO: 3342/48

PETROBRAS PRODUCTION PLANS, STRATEGIES, PROSPECTS DISCUSSED

Sao Paulo VISAO in Portuguese 13 Nov 85 pp 56-60

[Text] Between 18 and 25 November, about 5 billion shares of the Brazilian Petroleum Corporation (PETROBRAS) will begin to go on sale to the public through 10,000 bank branches throughout the country. The investor will be able to purchase a minimum lot of 1,000 shares up to a maximum of 5 million at prices per share to be announced on the eve of the issue. The subscription term will be for 30 days, with the investor paying 40 percent down, a 30 percent installment in February and another 30 percent in March.

The operation for the sale of the PETROBRAS shares will be conducted by 35 banks and financial institutions and the issue will be anchored by a broad publicity campaign coordinated by Mauro Salles that should cost 30 billion cruzeiros.

The timing of the issue is part of the strategy because it coincides with the payment of the 13th [bonus] salary and the larger personal income tax refunds. The time is also opportune in view of the attractions the stock market has been offering in terms of performance and return. The PETROBRAS issue seeks to repeat the success achieved by the Bank of Brazil last year and is an opportunity for a Brazilian to become a stockholder in one of the largest companies in the world.

According to the data in the 1985 "Who's Who in the Brazilian Economy" published by VISAO, PETROBRAS occupies first place among the largest Brazilian companies on the basis of sales, with sales of 26.8 trillion cruzeiros in 1984 (second place goes to PETROBRAS Distributor, with 7.8 trillion); fourth place among the largest companies on the basis of net profit before income taxes, with 1.3 trillion cruzeiros; and third place on the basis of net patrimony, with 15.5 trillion. It has a current liquidity of 1,00, indebtedness of 60.4 percent and yield on the patrimony of 7.7 percent; it has 53,000 employees.

In recent years, the company has been breaking successive production records, reaching 600,000 barrels per day for a national consumption of around 1 million barrels per day. The company's well-drilling strategy and the successes achieved in deep waters make it possible to envision Brazil's self-sufficiency in oil in a not distant future, an unimaginable goal at the time of the oil crises in 1973 and 1979.

What PETROBRAS Is Today

With a view to giving its readers a picture of what the company is today, VISAO spoke to its president, Helio Beltrao; the assistant superintendent of operations of the Exploration Department, Murilo Marroquim de Souza; the director of the Exploration Department Wagner Freire; production director Joel Mendes Renno; and some of its technicians. They revealed PETROBRAS's plans and actions as well as its prospects.

PETROBRAS began a great race in an attempt to have Brazil achieve self-sufficiency in oil production this decade. The first strong signs of the existence of a huge field with reserves of 1.1 billion barrels emerged after the drilling of two wells in the Rio de Janeiro Campos Basin (1-RJS-305 and 1-RJS-219), finally confirmed by means of tests conducted through extension well 3-RJS-316 and condluded in mid-September.

However, the euphoria of the company's officials and technicians does not stop there. They acknowledge, though informally that, from the results of the tests still underway, the initial reserves recorded should exceed 2 billion barrels, distributed over one or more huge fields. To have an idea of the importance of these discoveries, the national oil reserves (offshore and land production) are approximately 2 billion barrels.

The definition of those discoveries will be possible the middle of next year when all the work done by the delimiting wells has been completed. In providing that information, assistant superintendent Murilo Marroquim de Souza added that delimiting wells RJS-328 and RJS-329 are being drilled and another one, RJS-330, will be drilled shortly, all of them in a sheet of water (the distance between the surface and bottom of the sea) of between 300 and 400 meters. According to Murilo Marroquim, in addition to those three and the ones already drilled, six more delimiting wells will be necessary in order to have a sure picture of the structure now investigated northeast of the Campos Basin; the reason being that the results appear more and more surprising, calling for a confirmation with a minimum margin of risk because of the large investments in production. In terms of the existence of oil, wells are considered to fall into three categories: proved, probable and possible.

Seismic Probe and the Gigantic Field

Exploration activities in the Campos Basin have never been as intense as in the last 12 months, centered basically in the northeast area. So much so that to gain time PETROBRAS resorted to tridimensional seismic probing, one of the most modern processes in oil exploration. The seismic probe data were processed in England and interpreted in Brazil. Murilo pointed out that the machine was leased from the British and the interpretation made by the technicians of PETROBRAS, which is going to purchase one of that type because it uses it more frequently, inasmuch as the company's physicists have already completely mastered the technology of handling that "station."

Thanks to the use of tridimensional seismic probe for 2 months, it was possible to greatly shorten the time in drilling new wells, which provided valuable information. Murilo Marroquim noted that the results have been "unusual"; the same applies to the prospects. The 1-RJS-305 well, which indicated the possible existence of a field with reserves of 1.1 billion barrels of oil, is in an area of 100 square kilometers.

According to Murilo Marroquim, on the basis of world patterns, the preliminarily announced discoveries of reserves of 1.1 billion barrels represent a gigantic field. It is perhaps the greatest discovery off the Atlantic coast, thus the need to drill a greater number of delimiting wells in order to check everything very well. Efforts have not been spared to achieve those objectives, even in terms of investment, because each well costs $4 to $5 million.

With regard to the future possibilities of sufficient funds for the exploration and production of oil, the PETROBRAS expert stressed that he did not know whether or not there will be such funds but he is fully convinced of one thing: the complete economic viability of those investments. "For that very reason," he said, "I am also convinced that the nation will understand the effort that is being made by PETROBRAS in connection with our energy independence."

Investment and Return

The great doubts reigning within PETROBRAS have concerned the readiness of the government to appropriate the funds essential to oil exploration and production, especially the latter, which requires larger sums. The overall PETROBRAS budget for 1985 is approximately 12.5 trillion cruzeiros. Of that budget, a total of $2.42 billion (19.36 trillion cruzeiros) was reserved for investments, of which $2.08 billion (16.64 trillion cruzeiros) are earmarked for exploration, drilling and production. The budget was calculated on the basis of the exchange rate as of December 1984 or January 1985. According to the present exchange rate, it is already almost 100 percent out of phase, but PETROBRAS must have already effected its main expenditures for the current year.

PETROBRAS president Helio Beltrao announced that he is requesting funds from the government, totaling $3 billion (24 trillion cruzeiros), for the company's investments next year. He stated that $2 billion had already been invested in previous years. In justifying his demand, Helio Beltrao pointed out that PETROBRAS's programs call for the construction of six platforms for an additional production of 100,000 barrels of oil per day beginning in 1987. In his opinion, it is a national priority.

Thus far, PETROBRAS has already invested $7 billion in the Campos Basin, which have returned fully, according to Beltrao. Obtaining oil involves large outlays. He complained about the losses the company has been sustaining with the purchase of alcohol at a price higher than that sold to the final consumer. There has to be a realistic price policy, otherwise, there is no institution that can sustain its financial soundness in thise circumstances.

PETROBRAS announced that it is prepared to suspend the purchases of alcohol from the producers for at least 2 weeks to prevent an increase of its deficit, which on 30 September already reached 500 billion cruzeiros. That is due to the fact that alcohol is brought for 2,400 cruzeiros per liter and delivered to the consumer for 1,700, a difference of 700 cruzeiros less. These figures are prior to the latest increase of fuel prices, which occurred on 17 October.

By virtue of legal provisions, PETROBRAS is committed to buy from one-seventh to one-ninth of the alcohol produced in the country. For that reason, it now has a stock totaling approximately 1.4 billion liters. In the meantime, according to an industrialist from that sector, because of a lack of alcohol purchases by PETROBRAS, there is a stock of about 3.5 billion liters of alcohol building up in the alcohol manufacturing park.

Sales Forecasts

PETROBRAS's sales forecasts for this year run around $19 billion (190 trillion cruzeiros) for the domestic and foreign markets. But even so, it does not have the freedom to spend what it believes to be necessary. The director of the Exploration Department, Walter Freire, stressed that the company is self-sufficient in funds but the government does not leave it free to invest. The work in deep waters requires large sums, especially with reference to the recent discoveries.

Referring to the northeast pole of the Campos Basin, he pointed out that exploration has barely begun and there is a probability of a good level of reserves. There are technological challenges but the great objective is to maintain an increasing level of production. Brazilian reserves are sufficient to meet demand for only 12 years; however, during that period it is possible to obtain more reserves. The example is there in the new discoveries in the Campos Basin, with reserves estimated at 1.1 billion barrels (and the recovery of 400,000 barrels). If those reserves are confirmed, probably upwards, that time period will be increased substantially. For example, U.S. reserves have been maintained for a demand of 8 years but there are always new discoveries.

The Challenges of Production

PETROBRAS is preparing to face the challenge of producing oil in very deep waters, over 300 meters deep, where it located large accumulations of hydrocarbides. At the present time, it is studying six principal systems of oil production in the Campos Basin. The technical investigations that will be answered most quickly center around the advance production system of Pirauna, which extracts oil in water 383 meters deep (well 1-RJS-284). The oil is brought to the installation--SS-18 semisubmersible rig--by flexible lines extended a distance of 6 kilometers. What the PETROBRAS technicians are examining closely is the possibility of bringing the oil to the rig a distance of 10 to 20 kilometers without the need for secondary injection.

PETROBRAS production director Joel Mendes Renno said that the technology of production based on reservoirs located in sheets of water up to 500 meters deep may be considered as having been practically mastered. For water depths between 400 and 500 meters, the possibility has been studied of using a hybrid system consisting of a submerged fixed platform 200 meters high on top of which the wells would be completed, therefore remaining within the range of saturated diving operations.

Between 500 and 600 meters, continued Joel Renno, the use of towers is the solution that has been studied in greater detail. The adoption of that alternative is recommended only for high-production fields because of the large investments required. Unlike the jackets, the towers are quite flexible, accommodating structures. In accord with that idea, there have emerged three different concepts: a guyed tower, jointed tower and flexible imbedded tower. Through its research center, PETROBRAS, together with 14 other international companies, is participating in the project of an imbedded tower called Gamma Tower. The project has in view water 600 meters deep and the initial estimate of the total weight, including the piles, is 57,000 tons.

An international consortium also studied the project of a conventional jacket for water 490 meters deep, which resulted in a weight of 70,000 tons of steel. PETROBRAS is cooperating in that project.

Another solution that is being studied by PETROBRAS technicians for water 500 meters deep and over is the IMFP system, the main characteristic of which is the capability to store 100,000 barrels of oil. The company is analyzing the main characteristics of the project, which is in the development phase.

Ship in Production

Another project being evaluated is the ship called PTS, with a capacity to produce 50,000 barrels of oil per day and store 160,000 barrels, operating in water up to 650 meters deep. The first PTS, purchased by a Norwegian group with a view to being installed in the North Sea area, is in the construction stage in Japan.

Following the account about the various types of equipment being studied, Joel Renno stressed that on the basis of the results presented by well 1-RJS-219 in water 853 meters deep, the study of solutions that permit production in water over 600 meters deep became important for PETROBRAS. Starting at that depth, floating units are the only ones as of now considered appropriate to serve as stationary headquarters for the production equipment.

The director of PETROBRAS explained further that, based on available data and taking into account the rapid progress in the area in recent years and the joining of efforts to develop it, one can foresee that by the end of this decade or the beginning of the next, a technology appropriate for the production of oil in deep waters will have been developed.

Support for National Private Groups

With regard to the SS-18 submersible rig of the advance production system of Pirauna, it can be built in Brazil for $80 million with a nationalization index of 99 percent. Joel Renno revealed that there are about seven leased advance system installations, most of the leases being paid in cruzeiros. The per-day rental for each of those installations (operated by the locators) is $20 to $25 [as published].

The lease contracts begin to expire next year and PETROBRAS already has a technical group studying the possibility of purchasing the installations and turning over their operation to national private groups, creating a new, important activity for them. Due to the wear and tear that has already occurred, the cost of each installation would be around $60 million. There are national companies that have already expressed an interest in operating those installations, beginning in 1986.

In the meantime, according to Renno, PETROBRAS will continue to work intensively to confirm the already announced discoveries of oil reserves of 1.1 billion barrels. The ship NS-19, the "Ben Ocean Lancer," leased from an American company, is in the area where that work is being carried out northeast of the Campos Basin, drilling delimiting well RJS-325 at a depth of 700 to 800 meters of water.

In keeping with its objective of developing its capability in terms of oil exploration and production installations, at the end of September PETROBRAS signed a contract for the construction of three of the seven platforms it will need for the northeast pole of the Campos Basin, where it plans to produce a volume of 90,000 barrels of oil per day toward the end of 1989. The agreement was signed with the Setal, Ultratec and Techint companies, which will receive the sum of 308 billion cruzeiros for the construction of the platforms.

The Systems in Operation

Beginning in 1977 and until now, 28 production systems were conceived and put into operation in the deep waters of the Campos Basin. Ten of them have been deactivated and 18 remain in production. Among the 18 systems in operation, seven are installed on fixed platforms while the other 11 are advance production systems.

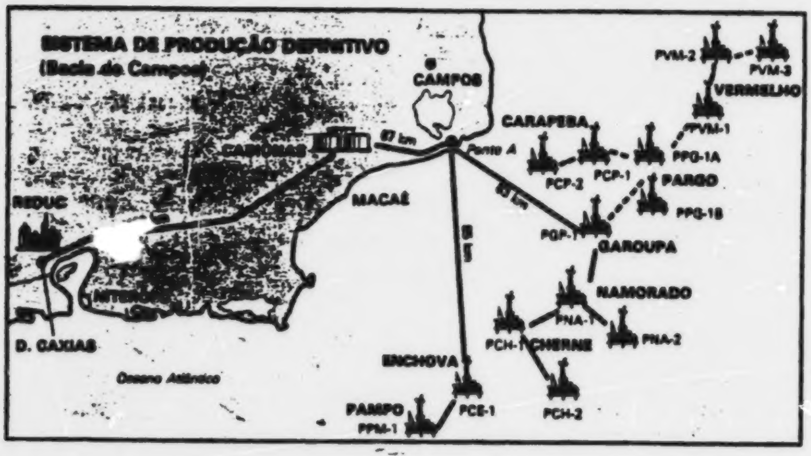
In the development of the advance production systems, PETROBRAS gained experience in the installation and operation of processing plants on fixed platforms, self-raising platforms, tankships and semisubmersible units.

As a result of the adoption of that policy directed toward the Campos Basin, it is Joel Renno's belief that the oil-bearing territory has an oil reserve today of 184 million cubic meters (1.16 billion barrels) and gas reserves of 31 billion cubic meters. Oil production is currently around 368,500 barrels per day. Gas production amounts to 5.2 million cubic meters per day, 74 percent of which is already being utilized: 850,000 cubic meters per day are consumed on the spot and 3 million cubic meters in the Rio de Janeiro area.

The oil wells operated in Brazil by PETROBRAS, already total 4,100, yielding a production of 601,000 barrels per day: 172,500 on land and 428,500 offshore. National consumption currently is around 930,000 to 940,000 barrels per day, but in August it reached 1 million barrels.

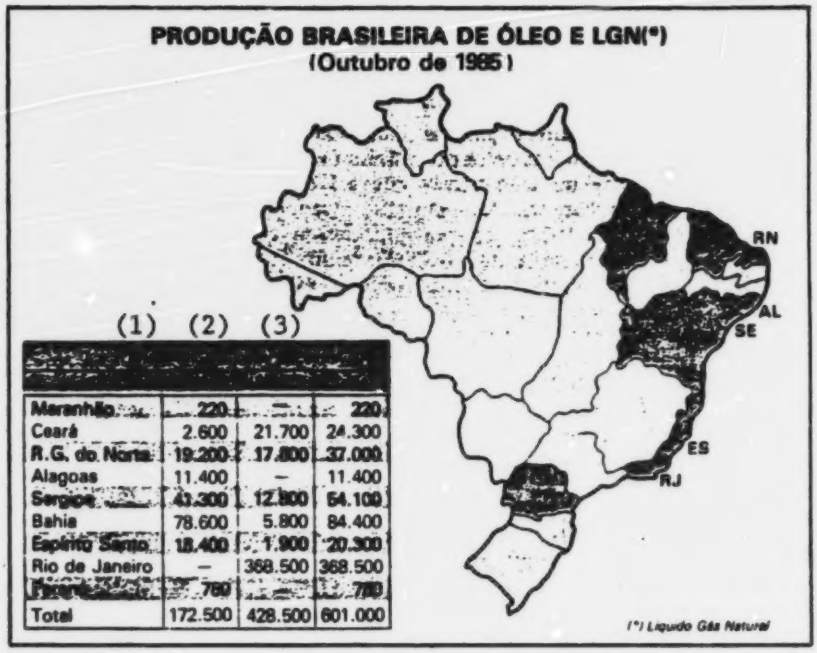
Definitive Production System

(Campos Basin)


SISTEMA DE PRODUÇÃO DEFINITIVO
(Bacia de Campos)
CAMPOS
CARAPEBA
PVM-2
PVM-3
VERMELHO
PVM-1
PPG-1A
PCP-2
PCP-1
PARGO
PPG-1B
87 km
Ponto A
CABIÚNAS
MACAÉ
REDUC
PGP-1
GAROUPA
NAMORADO
PNA-1
PNA-2
PCH-1
CHERNE
NITERÓI
D. CAXIAS
Oceano Atlântico
ENCHOVA
PAMPO
PPM-1
PCE-1
PCH-2

Brazilian Oil and Liquefied Natural Gas (LNG) Production

(October 1985)


PRODUÇÃO BRASILEIRA DE ÓLEO E LGN(*)
(Outubro de 1985)

RN
AL
SE
ES
RJ

(1)	(2)	(3)	
Maranhão	220	—	220
Ceará	2.600	21.700	24.300
R.G. do Norte	19.200	17.800	37.000
Alagoas	11.400	—	11.400
Sergipe	43.300	12.800	54.100
Bahia	78.600	5.800	84.400
Espírito Santo	18.400	1.900	20.300
Rio de Janeiro	—	368.500	368.500
Paraná	760	—	760
Total	172.500	428.500	601.000

(*) Líquido Gás Natural

Key: 1. Production in bbl per day 2. Land 3. Offshore

8711/12859

CSO: 3342/41

GENERAL CANESSA REGARDED AS 'INDISPENSABLE' TO PINOCHET

Santiago QUE PASA in Spanish 24 Oct 85 pp 18, 19

[Commentary by Grace Gibson]

[Text] "A possible replacement of General Benavides is being studied."

The news did not create a sensation. Hurriedly, the DINACOS [National Mass Media Directorate] bulletins categorically denied the reports to the point of making clear that "the general is performing his high-level duties as usual." Naturally, even though the press is said to be annoying, the denial did not mention Benavides' illness...

The news coupled with another situation within the army. A few days earlier, there was a release of the list of generals that had gone into retirement, the new designations and names--some of the better known, such as Vidal, Valdes, Puga and Sinclair--about whom it was said that their final status would be announced later.

It is true that prior to 11 September 1973, the designations of the army high command did not cause much concern among civilians. At this time, however, the situation is much different. Obviously, with the military making up the government, the matter has a bearing on the administration. Thus, Sinclair is not only a military man, but also the general-secretary minister of the Presidency... and for a long time now. From this point of view, it is well, therefore, to get better acquainted with the machinery that determines designations, retirements and transfers to the army "complementary roster."

Changes and Castling

At the end of the second stage of the Army Superior Officers Qualifying Board--composed of 51 generals plus President Pinochet--it was decided to approve the retirement applications of Brigadier Generals Jorge Dowling, Sergio Perez, Gustavo Rivera and Mario Ramos. It was also stated that the designations of Major Generals Enrique Valdes, Santiago Sinclair, Cristian Ackerknecht and Rene Vidal would be announced soon. All of them, except Sinclair, have already been replaced in their posts (see box). The reason for their situation will be determined "later on," according to a source, because these generals will complete the prescribed term in the organization --40 years of service--at the end of the year. The most probable thing is, therefore, that Sinclair will be confirmed in the General Secretariat--going on to qualify in government duties--while the rest of them will have their retirement applications accepted.

Another alternative could also arise here in the "command sequence." And that is that if General Benavides were relieved or were to resign from his position in the legislative branch for any reason, there would immediately be "two vacant posts." The first, in the Ruling Junta, most probably would be filled by the general next in line in terms of seniority--deputy commander Julio Canessa. And thus the second vacancy would occur; the post that Canessa would supposedly vacate could be occupied by one of these three men: Major Generals Santiago Sinclair, Enrique Valdes Puga and Rene Vidal. All three-fully trusted by the president--have their good and bad "points." The most evident case in point is that of Sinclair, who has been out of touch for a long time because of the duties he has performed, although, naturally, he is otherwise very close to Pinochet.

It is not a situation where the general corps will ask for his "retirement" whenever it comes to mind. After 30 years of service--which generally equates to the rank of colonel--everyone must submit the retirement dossier for the Qualifying Board to study each case and make a decision. In this fashion, a draft is created in the chimney. Basically, the causes of retirement arise from the fact that the officer has served 40 years in the army. As to promotions, certain conditions stipulated in army regulations must be met.

How the High Command Grows!

In the 1950's, the general corps consisted of only 18 persons. At present, it adds up to 52, including the army commander in chief. The explanation is found in the sustained increase of posts entailed in the reorganization of the internal structure of the army, which classifies officers as "line" or "service." Others stated that high command was formerly attained under the same requisites as at present, but the decision also depended in some measure on the president of the republic. The increase would be due, therefore, to the fact that the president is also the commander in chief, and he needs to surround himself with the most loyal of his collaborators.

The truth is that the armed forces have substantially modified the norms and regulations. The DFL 1 of 1968, which abridges the internal provisions of the army, contains more than 300 revisions in its articles. Among them, there stands out the revision of Article 9, announced in the DIARIO OFICIAL [OFFICIAL DAILY] in 1978, which established the rank of lieutenant general of the army. At present, only two persons carry on their shoulder straps the four stars which denote the rank: Benavides and Canessa.

General Benavides' situation in the army is clear: he is outside the chain of command, but qualifies in government ditues as a member of the Junta. The same applies to General Gordon and Santiago's Mayor Osvaldo Hernandez.

The case of Lt Gen Julio Canessa Robert, who currently is the deputy commander in chief of the army and the senior general after Benavides, is different.

Canessa belongs to the class of 1943. He has been in the army more than 40 years, hence he should have been retired from the service 3 years ago according to the usual regulations.

In his case, a law that confirms him in his position is proclaimed in the DIARIO OFICIAL every so often--the last time was last year. That is what has been termed the "Canessa law," and which, on the other hand, has helped to characterize him as "one of the president's indispensable men."

But that is not all. A clause was also added in 1977 to Article 68 of the aforementioned DFL 1. It set forth, in general terms, that armed forces commanders in chief could delegate part of their military powers to the chiefs of the service staffs, who will exercise them in the capacity of deputy commanders... that is to say, Canessa at the present time.

Finally, it was in 1981 when the ranks of major general, brigadier general and captain general made their debut.

[Box, p 19]

New Designations in the High Command

Maj Gen Jorge O'Ryan Balbontin, Chief of Army General Staff (Replaces Maj Gen Enrique Valdes Puga)
Maj Gen Manuel Barros Recabarren, Army Inspector General (Replaces Maj Gen Cristian Ackerknecht San Martin)
Brig Gen Alfredo Calderon Campusano, Army Personnel Director (Replaces Maj Gen Manuel Barros Recabarren)
Brig Gen Carlos Meirelles Muller, Commander in Chief of 1st Army Division
Brig Gen Carlos Ojeda Vargas, General Commander of the Santiago Army Garrison (Replaces Maj Gen Rene Vidal Basauri)
Brig Gen Jaime Gonzalez Vergara, Commander in Chief of the 5th Army Division
Brig Gen Rodrigo Sanchez Casillas, Commander in Chief of the 7th Army Brigade

8414/12948
CSO: 3348/150

CHILE

PRESIDENT DISCUSSES NATION'S FUTURE, POSITION ON MARXISM

Santiago COSAS in Spanish 5 Sep 85 pp 6-9

[Interview with President Augusto Pinochet by Monica Comandari; date and place not given]

[Text] He gave me the impression that he is absolutely certain that his government will survive intact until 1989. And after that date, he warns that the country will definitely remain under the provisions of the 1980 Constitution. However, he is aware that one sector of the citizenry wants his withdrawal from power. To this he says: "The opposition wants power. But on the day I leave it will be in a way fitting for a man who has been sacrificing himself for the good of Chile."

Impeccably dressed in navy blue, he met with this COSAS reporter in his private office. In the course of a smooth-flowing conversation, with its ups and downs in tone of voice, we dealt, roughly speaking, with the country's questions. The president, ironic at times and irritated at others, but with the certainty which is his characteristic, answered all questions.

"So the government has fallen, you say?" he said to me.

"No, Mr President, that is what is said in the streets."

"They have been saying the same thing for 12 years now. What is happening is that some politicians want to return to power. But they forget that there is a large mass of loyal people who are on the side of their president," he responded.

The Plebiscite

[Question] In recent days much terrorist and violent activity has been reported. Apparently what is sought is to bring the government down. What can you say about this?

[Answer] Do the people want the government to fall? Do the citizens want to bring the government down?

[Question] What do you think? Why is there no plebiscite?

[Answer] What you refer to is not possible now, because the constitution does not provide for it.

[Question] What are the political errors your government has committed?

[Answer] There are many, just as good things have been done.

[Question] What, in all that is bad, pains you most?

[Answer] That there has been little communication. Public opinion should have been more motivated. It should have been kept more active. This was not done out of economy. We have been very honest.

[Question] What do you call motivating public opinion?

[Answer] As in all countries which have a democratic or authoritarian government, an effort is made to inform the public of the work done.

[Question] Have you never thought that your government is a dictatorship?

[Answer] This has never been a dictatorship. Never. I tell you that this is "smooth talk," and always has been. The country has lived under the empire of law. There is freedom. There is participation. The authorities, both civilian and military, are subject to the law. For example the mayors, for some time now, have been civilians, with few exceptions. What would have been thought if only military officers had been installed as mayors throughout the whole of the country, and if the neighborhood councils had been managed by retired military officers, and the press had been controlled, etc.?

[Question] The press was recently controlled....

[Answer] This is not the control a dictatorship exercises. This is only said by those whom it suits to present it thus.

[Question] What is the characteristic which in your judgment is typical of the opposition politicians?

[Answer] Ambition, without limit or measure in some cases. In addition, they have lost their paid activity, and they want to recover it. In others, lack of principle.

[Question] According to you, what would be the greatest injustice the citizenry could commit?

[Answer] The greatest injustice is to accuse the government without thinking first whether all of the evil comes from this government or dates back years.

[Question] However, it is obvious that there is serious unemployment and lack of money....

[Answer] This is something temporary, and the unemployment level is falling. Now with regard to the lack of money, we are seeking solutions. For example, we will provide a bonus for the patriotic holidays, and another is planned for the end of the year.

[Question] Some economists maintain that it is more useful to increase the inflationary level.

[Answer] Life is strange. When we suffered from inflation they protested it. And now they are asking for inflation. I believe that they will never be content, but the greatest scourge is inflation.

[Question] What is your interpretation today of the statement made by Admiral Merino to the effect that "we arrived together and we will depart together," when in fact only you and the admiral himself remain of the original members of the government junta?

[Answer] I do not know what the admiral meant. It may have been a reference to the iron unity of the institutions.

[Question] Are you or are you not an advocate of a designated congress?

[Answer] I cannot justify an appointed congress, because this would not change what exists, which is a technical body for the study and drafting of laws. On the other hand, the congresses must be elected by the people so that the citizens will feel that those for whom they vote, and who probably do not even know them, represent them in this activity.

[Question] And who represents the people today?

[Answer] I have already said that the representation of the people is found in a technical legislative body, the government junta.

[Question] And what about the people who do not identify with it?

[Answer] That is their problem. But it is all a question of considering how the politicians represented them before.

[Question] Will the political laws be completed before 1989?

[Answer] They will be completed in the middle of 1988, or at the latest, at the end of that year.

Possible Succession

[Question] If, hypothetically, something should happen to you, who would become chief of state? This question arises because of the accident suffered by your entourage during your recent trip to the southern zone.

[Answer] Temporarily, the post would be assumed by Admiral Merino.

[Question] And would an election then be held?

[Answer] No. The constitution would be implemented. The pertinent provisions are found therein.

[Question] What would you say to those who maintain that your anti-Marxism is only a way of staying in power?

[Answer] My answer would be that they think like opposition politicians. But my anti-Marxism dates back more than 40 years. I contemplate it on a daily basis, and I am ever more persuaded that Marxism is a blemish which makes man into a slave, as he was in the past, and that currently, and regrettably, it dominates the world. This is the most serious thing. Some of the democratic countries do not realize how much ground they have been losing. For example, since World War II, half of Europe has been lost and the rest has been left with the communist epidemic. These countries have the virus of Marxism deep within them. It is only a matter of reading the newspapers and magazines.

[Question] Don't you believe that you are doing Marxism a service with your attitude?

[Answer] How can I be doing Marxism a service? They say this. But do you believe that Marxism works better when it is controlled than when it is free?

[Question] I believe that when one works secretly....

[Answer] Those who study Marxism will realize how complicated life becomes when it is controlled. If it were not thus, do you not believe that they themselves would ask to be excluded from the political life of the country?

[Question] With whom in the democratic opposition would you be prepared to talk?

[Answer] I do not know whom you call the democratic opposition, but I talk with anyone who asks to see me.

[Question] Would you invite them to lunch with you?

[Answer] No. I invite my friends to my table. But I would give them a hearing when their turn comes.

[Question] Do you feel supported by the government team in all your decisions, or do you believe that your instructions are not properly carried out?

[Answer] I believe that I have absolute support in everything, and the team properly interprets the decisions of the government.

[Question] Do they inform you of what is happening in the streets?

[Answer] Yes, there is a study of the general picture every day, not only in this city but throughout the country.

[Question] Are you aware of the unease which is felt in the streets? There are people who say: "The government has now fallen. What will happen?"

[Answer] These are rumors which are spread by some ruthless individuals, but who told you that the government has fallen? The question I would ask is, do you believe that a government which has not played all its cards has fallen? Do you believe that this wave of rumors spread by evil-minded opposition members has any basis? I believe that there is evidence enough to think the contrary.

Concerning 1989

[Question] Will you write the history of your government?

[Answer] No, it will be history itself which will set forth the record, not I.

[Question] Do you feel that your position in power is firm?

[Answer] I have always felt that, despite the fact that my enemies have been pushing me out ever since 11 September 1973.

[Question] Will you remain in power until 1989?

[Answer] Yes, I have decided to do so. I have decided to implement all of the precepts established by law and the constitution which should be implemented.

[Question] Is there anything which could change your political plans?

[Answer] They could become impossible, but I pray to God this will not happen.

[Question] Despite the protests and the politicians in the opposition?

[Answer] Yes, despite them. Look, when we planned the 1973 movement, I told my officers, as they recalled some days ago: "Look, if the problem does not lie with the military, we will win despite their weapons. The problem is that many politicians will join together when they find themselves without jobs, and we will often see the Marxists in league with their present political enemies, with those in the opposition, whom they have previously scorned. This is the ethic they call politics." And now, events have proved me right.

[Question] What do you plan to do after 1989?

[Answer] I have not yet thought about it. In 1989 I will think about what I am going to do. Many things could happen.

[Question] Would you run again as a candidate for the presidency?

[Answer] I have never said so. The people will elect their leader. It is for them to say.

[Question] But there is a part of the country which is tired of your government.

[Answer] If they are tired, then let them find someone else. But what they should remember is that some years after they pushed General Ibanez into political action, they raised a cry against him. Now the situation is different, there is a monster called Marxism-Leninism. It is active and these people hope to return to power. Therefore the country should be protected against the communist threat. I say this now, for later there will be no way out.

[Question] And in such a case would the armed forces not intervene again?

[Answer] It is a certainty that the communists would try to destroy the armed forces and the forces of law and order. It was the armed forces which saved Chile from Marxism, and I say this with all sincerity and honesty.

[Question] But don't you believe that it is negative to limit everything to Marxism? There are other democratic sectors....

[Answer] The fact is that the democratic sectors are easy prey for communism. I have been anti-Marxist for more than 40 years. The people have not studied Marxism. They do not know what falsehood and deception this ideology represents. The people are enthusiastic because they see a marvelous point on the horizon, but they are never going to reach it. This is a struggle between two ideologies--Marxism against freedom.

In this struggle the communists have every resource for winning. They have the communications media, economic means, they make use of religion, etc., and they are waging this struggle and advancing, even though it takes a hundred years, because in their strategy, time does not matter. It is a question of reading Lenin, the manifesto of the, and many books of Soviet origin. Marxism is struggling to liquidate the bourgeoisie. When it disappears, then all the problems will end, they say. In other words, it is a war on a world level, and it is for this they are fighting. It is not only a battle here among the people of Chile, but one on the world level. And the fact is that this country has been the only one in the world which has struggled free of them, and that is the reason for this hatred of Chile. There is a need for the true democrats to gain a real awareness of this danger. It is for this reason that I am persistent.

[Question] But the opposition thinks....

[Answer] Let the opposition think more profoundly, because it sees the short-term problem. And it believes that if this government is changed into a certain other system, a world of marvels will develop. It is a matter of looking at the world, and not so far at that, to see what is happening elsewhere.

[Question] Do you see the possibility of reaching an understanding with the opposition, of agreeing on a mixed government until 1989?

[Answer] The problem is very simple. The opposition wants power. It wants me to leave. I am well aware I am an obstacle, but I am fighting for my country so that it can consolidate its freedom and so that our children will not be slaves. It is for this that we have sacrificed ourselves for 12 years for Chile. The constitution, which was approved by a majority, was duly established and will be implemented.

President Agrees With Buchi

[Question] Is there some way of resolving the economic situation?

[Answer] I hope that we will have the opportunity to improve the entire economic aspect, and it is for this reason that we are pressing now, in order to have a better result sooner.

[Question] What will happen to the people who cannot pay their debts now?

[Answer] They will renegotiate their debts.

[Question] Are you prepared to renegotiate everyone's debts?

[Answer] Those of all the people who can keep their promises.

[Question] Why do you like the Chicago boys so much?

[Answer] What do you mean so much?

[Question] Well, Minister of Finance Hernan Buchi is a Chicago boy....

[Answer] That is not so. Minister Buchi is a technician, 100 percent.

[Question] Do you agree with the actions of Minister Buchi?

[Answer] I do. If not, what he has planned would not be under way.

[Question] Mr President, broad sectors of the nation are asking how long we will continue with the program of the Chicago boys?

[Answer] The only program being pursued here is that of the government, that which has been adapted to fit the real economic situation, but always within the social market economy.

What People Think

[Question] Mr President, the people believe that political ambition is what keeps you in power.

[Answer] I thought of retiring 10 years ago. What ambition can I have? My only ambition is to serve Chile and prevent it from reverting to 10 September 1973.

[Question] Is there nothing you fear?

[Answer] I fear nothing. I am a soldier. All that I have done is for the good of Chile. Remember that in 1973 and 1974, there were thousands of weapons in the hands of the extremists in Santiago. If the armed forces had not intervened, it would have meant a massacre for all of those who are now shouting in opposition. The politicians who are soliciting protests from the young men of 25 or less, in other words those who in those years were only 12, 10 or even 5 years old, are very clever.

[Question] They are those at the universities today.

[Answer] Yes, they are the boys who saw nothing, who did not understand the problem. The communists have a timeless strategy. What interests them is the goal.

[Question] What do you think of the fact that Judge Jose Canovas has disqualified himself again?

[Answer] The military judge must study the case. Once this has been done, the case will be in his hands, or it will be sent back again to Judge Canovas. And if there is a jurisdictional conflict, the Supreme Court would have to resolve it. There is no opinion needed about this proceeding.

[Question] Do you want to carry it through to the very end?

[Answer] I want to have the case clarified, because it falls within a context about which I have been speaking for some time now. In this situation, there are also those cases in which people have died because of extremist violence, including all of the martyrs to terrorism, remembered by no one, many of them having died trying to save innocent lives by defusing explosive artifacts. They gave their lives in this effort, and this has not been given the same attention as other cases by the religious gentlemen and some sectors of the community.

[Question] Do you believe that indifference is developing with regard to the terrorism and subversion sponsored by international Marxism?

[Answer] No, awareness of the seriousness of terrorism and the repudiation of violence as a political method are basic parts of the thinking of the vast majority of our compatriots.

[Question] How would you answer those Chileans who feel insecure because of the terrorism and violence which is developing in the country, and which is being investigated by the courts?

[Answer] That they should have confidence in justice and in the proper actions of the authorities in combatting violence.

[Question] Do you believe that General Mendoza should have resigned earlier?

[Answer] The attitude adopted by General Mendoza can only be regarded as an act of loyalty to his institution and the government, that is to say an act of patriotism.

Saying "Enough" Does Not Suffice

[Question] The country cries out with poverty. What methods could you use to find new sources of work, to eliminate the extreme poverty affecting all sectors of the economy?

[Answer] You seem unaware of what has been done to deal with this extreme poverty. You also seem to be uninformed about the variety of specific projects being pursued to the direct benefit of the most needy. Our concern with poverty has had priority and has yielded effective results. You should look into and learn about them.

[Question] Wouldn't it be better to reduce the economic and social tensions the country is experiencing, and which for many are reaching an explosive point, rather than being so reliable in paying the foreign debt?

[Answer] The level of pragmatism the situation demanded has been observed. But you cannot urge that pragmatism become irresponsibility! This would in the short run create much more serious problems than those we are seeking to resolve. It is a question of looking outside Chile, and you will have your answer.

[Question] Although Chile respects its international economic commitments, the image of your government continues to be poor on the world level. Why then do you not say "enough," as President Alan Garcia of Peru did, in order, in exchange, to win domestic support in the country?

[Answer] The initial premise of your question is in error. Our international image is a far cry from the term you use so categorically. Experience shows that saying "enough" in this way never suffices, and those who do this rapidly retreat to accept other impositions.

[Question] Do you think that the votes in the General Assembly of the United Nations will again be adverse to your government?

[Answer] For a long time I have been maintaining that the United Nations has been politicized. Given this situation, what else could be expected of it? But the struggle is indeed on the world level, and Russia will use every means, wherever it can, to attack this country which defeated it and forced it from its territory on 11 September 1973.

[Question] Why do you not attend the United Nations, since it is the highest world political rostrum and would allow you to display what you call the real image of your government?

[Answer] Because I am concerned about my compatriots and their problems. And because the real image of the country and the government are not displayed by speeches at the United Nations.

[Question] Do you not believe that the United Nations General Assembly is an excellent framework in which you could issue a summons to international Marxism, with representation by numerous chiefs of state?

[Answer] I am not interested in appearing to head a world anti-Marxist campaign. I am interested in eliminating Marxism from my country and working against it as far as it affects Chile.

[Question] What importance do you assign to this meeting, in view of the fact that this year the 40th anniversary of the institution will be celebrated?

[Answer] The same as I always have.

Attitude Toward Church Actions

[Question] What do you think about the intervention of the Catholic Church in the political life of the country, with regard in particular to the role of the chief of state?

[Answer] It is not for me to describe the role the church plays in political life, but I would recall the words of Jesus: render unto God the things belonging to God.

[Question] How do you interpret the participation of Cardinal Juan Francisco Fresno in rallying the political parties for the transition to full democracy?

[Answer] I am concerned that he may be used, with the tremendous harm this would mean to his high office and to the church in general, and the believers in particular.

[Question] Are you distressed or indignant about the petition drafted concerning your resignation by Bishop Camus?

[Answer] Neither one. I found it regrettable. I have expressed no view about his inclinations.

[Question] What would be required for you to talk personally with the leaders of the political parties?

[Answer] To wait for the promulgation of the law giving life to the parties, so that their leaders will have a truly representative nature, since now they are but summit groups with no base of support.

[Question] Is it in fact your idea to structure civilian support of your government through the National Advance Post?

[Answer] The idea is not mine, because there has always been civilian support. Now then, civilian support of the government is evidenced in different and most varied ways. What cannot be prevented is support of their president.

[Question] What would the National Advance Post mean as a political ideology?

[Answer] Ask its leaders. I have said that it is a group with citizens' participation and support, but I have been given no text stating its ideology.

[Question] You have said that you would not retreat and surrender the country to the politicians who provoked the 1973 crisis. To what politicians, then, would you be willing to surrender power?

[Answer] The citizenry will decide when the time comes.

[Question] Opposition sectors, and even supporters of the government, say that the constitution requires certain reforms. This has even been stated by former members of the State Council, such as Francisco Bulnes. Under what terms would you agree to carry out such reforms?

[Answer] I believe that Mr Bulnes, who merits the respect of the government, which he has served and is serving today in the COPEC [Chilean Oil Company], is ill-informed. Now then, prior to reforms it seems to me desirable to achieve the full effectiveness of what one wants to amend. Before amending the law it must be implemented, because one amends what is in effect and functioning. The reforms some urge are designed to prevent the effective functioning of the institutions or mechanisms they claim to alter.

[Question] How do you see the country in 1989, in political terms?

[Answer] With this presidential period ending, with the constitutional laws approved, and the beginning of another period, one with a congress, as the 1980 political constitution provides.

[Question] How would you define the period through which Chile is passing?

[Answer] As one of overwhelming importance, with the consolidation of its institutional system in full swing, representing a great challenge for all Chileans.

[Question] Why was the publication of an interview with an MIR [Movement of the Revolutionary Left] leader, Andres Pascal Allende, and Communist Party Secretary General Luis Corvalan, allowed, while on the other hand the publication of the thinking of those who urge a peaceful path toward democracy in Chile is limited?

[Answer] It seems to me that there is varied political reporting in the country. Read the daily newspapers and the magazines, and even consider your own publications!

[Question] What did you mean when you said that in this country, "the only one who can rebel is myself"?

[Answer] You mention only the answer, without quoting the context, which was all of the questions posed by journalists about the rumor of a coup d'etat. My answers were various, and one of them was what you quoted, and this was because the idea of a coup d'etat is absurd.

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CSO: 8148/93

CHILE

UNIVERSITY OF CHILE RECTOR ON STUDENT UNREST, ELECTIONS

Santiago EL MERCURIO in Spanish 20 Oct 85 p D-1

[Interview with Brig Gen Roberto Soto Mackenney, rector of the University of Chile; date and place not given]

[Text] Some say that if he had been the first rector delegate instead of the seventh, the University of Chile would have known another fate, all things considered. But the fact is that the university is experiencing student, academic, budgetary and even police problems.

"Let us begin with what is most controversial."

"Wherever you like," he amiably responds.

"Forgive me," "As you like," "Of course": These are expressions the general uses constantly. And indeed, he looks so comfortable in the office of rector of the University of Chile, so sure of himself and humble at the same time, that it is as if he had been there his whole life, as if he had not arrived with the controversial title of "rector delegate."

Roberto Soto Mackenney, 52, married to Norma (Noni) Murua, one son a second lieutenant, the other a cadet, and his daughter Claudia married to a civil engineer ("I hope she will soon make me a grandfather"), is about to be promoted to the rank of major general.

He has the rare virtue of knowing how to listen and also seems very tolerant. Without any commanding tone or authoritarian gestures, he speaks so softly that one has to make an effort to hear. And yet, logically enough, he is at the very center of lively debate that goes beyond the university sphere and extends to the national scene.

Controversy

[Question] Let us begin with what is most controversial.

[Answer] Wherever you like.

[Question] Obviously, the most widespread aspiration in the university, among students and professors alike, is the end of the rectors delegate. Why is this system continued?

[Answer] That is not a political decision that is mine to make.

[Question] Nevertheless, do you not believe that after 12 years, it is time to return for a return to normality?

[Answer] More than dates, it is phases that we have to complete. When the university consolidates certain situations, the time will have come to have rectors as we once did in this university. I cannot speak of others.

[Question] What would have to happen so that the professors and faculty would have the right to participate in the election of the rector?

[Answer] First of all, there has to exist a proper, reliable academic hierarchy, handled by the faculty itself.

[Question] How do you view the experience of institutions that have exchanged military rectors for civilian rectors?

[Answer] I am not well acquainted with what is happening in other universities, but in this one, since Andres Bello was appointed, the tradition has been that the president of the republic names the rector.

[Question] But on the proposal of the faculties. It used to be the full faculty that gave a list supplied by voting.

[Answer] Yes, and so it is stipulated in the university statutes now, but it is now superseded, during this transitional period of the enforcement of the constitution, by the decision of the president, who asks the board, through a supreme decree, that a list be proposed in order to name the rector. He is not forced to go by it but he may, if he so chooses.

[Question] You were confirmed for a year in the office of rector.

[Answer] The president told me that he wanted me to continue as rector, but without establishing any time period. There may be so many unforeseeable conditions in the political leadership of the country that that decision may change.

[Question] In 1983, you said that "under no circumstances" would you support having the police come into the university in the case of protest demonstrations. You then said: "I believe that university problems must be solved within the university."

[Answer] I still think that. The police should not come into the university for reasons that should be solved from within, as has generally been true.

[Question] Since you said "under no circumstances" should the police come into the university up until now, how many times have they done so?

[Answer] Very few times, actually. Once or twice.

[Question] They have come into the School of Science, the School of Medicine, Physical Sciences and Mathematics. According to eye witness accounts, they did so when there were no disturbances.

[Answer] That is not so. When the police came in, they did so because it was truly indispensable. The most notorious occasion was when the carabineros entered the dean's office of the School of Physical Sciences and Mathematics, where there were 50 or 100 students -- it is impossible to say just how many -- insulting and using vulgar expressions aimed at the dean. Everything possible was done to make them leave the office, but they refused. That was why the police went in. And there was no problem of violence on either side.

[Question] In the School of Medicine, the police went after students even in the Jose Joaquin Aguirre Hospital. They very nearly arrested patients!

[Answer] There must have been some confusion. The problem was as follows: You had one of those classic provocations of carabineros by students from the School of Medicine. When the carabineros retreated, the students -- and not only students, because sometimes people having absolutely nothing to do with the university participated -- attacked them with words and stones and other things. The situation was this: The carabineros withdrew, the students went out into the streets, interrupting traffic and causing problems. The carabineros were forced to act and the students went back in. Amidst all the confusion, the carabineros suddenly went in.

[Question] And among all the confusion, they went as far as the fourth floor of the hospital!

[Answer] Yes, they went that far after them. I could not tell you if they were all students because there were practically no arrests. They went all the way inside -- because the hospital is connected with the Medical School -- and there was harassment. It is an extremely complex problem. The hospital is so big, it was visiting day and a rather confusing situation occurred that fortunately had no consequences.

[Question] No consequences?

[Answer] No serious consequences, imagine!

[Question] Who gave the authorization for the police to enter?

[Answer] Authority came from the School of Physical Sciences and Mathematics.

[Question] From former Dean Poblete?

[Answer] He called me to tell me what was happening and he said he was going to call the police.

[Question] And you gave your approval?

[Answer] I told him that if he had exhausted all the possibilities, if it was essential before something worse happened, then fine! Legitimate authority had been replaced by a takeover.

[Question] And in the case of the School of Medicine, you also authorized it?

[Answer] It was a situation that came about through the very give and take, as a result of the action and reaction. It came about spontaneously.

Gaete Project

[Question] The main cause of the university unrest is the result of the government's intervention.

[Answer] I do not think so. It may have some influence. It may cause a group of students to find support, but I believe the main cause is something else.

[Question] What?

[Answer] I do not just believe it; I am certain. It is the influence of certain extremist political groups of opposition to the university.

[Question] Of the right, left or what?

[Answer] The left. That has been obvious both here and in other universities.

[Question] People from outside the university?

[Answer] It is naturally promoted from the outside. And there are people within the university that participate in these same ideas of violence that are causing many splits within the country and that use the university as an important element provoking the sensation of disorder and chaos, despite the fact that those involved make up a very small group, very small.

[Question] If it is so small, why have you not managed to isolate it?

[Answer] Unfortunately, because of the powers in the university. According to rules of discipline, the only way to expel a student is through an indictment going through a whole process. And such indictments are generally extraordinarily slow. Furthermore, it is extremely difficult to find persons to testify.

[Question] In this connection, what did you think of the so-called Gaete Proposal which university students condemned?

[Answer] The truth is that I am not well acquainted with the proposal, but what I have understood -- based on what the minister explained to me -- was that if such an abnormal situation occurred, practically constituting a crime, then the university did not have to make an investigation itself, but rather, based on the facts, could turn the matter over to the courts, which would ascertain whether or not there was sufficient cause to punish them.

[Question] The Government Junta did not like the proposal?

[Answer] As I was saying, I am not familiar with the details. Perhaps there was something not suitable, but the truth is that I do not know. I believe that it is legitimate for institutions to have some mechanism for being able to weed out those acting openly against it, against persons or in some way manifestly altering the activities of the university. Otherwise, one would have paradoxical situations. In a high school, if someone acts improperly, you do not have to have this whole long process in order to kick him out.

[Question] But they do not send them to the courts either.

[Answer] Of course not; I am not talking about the courts. But what is important is that there should be some way of having a due and just process in order to expel from the university someone who not only is wasting his time, but also making the university itself waste time, money and prestige.

Violence Generates Violence

[Question] General, from here, do you perceive of unrest in the university?

[Answer] Well, unrest in the university, yes. There has been in the past and always will be.

[Question] Is that good or bad?

[Answer] It is good that there be unrest in the university; otherwise, it would not be a university. But it must be expressed through the normal channels of the university: reasoning, discussion, the confrontation of ideas, without arriving at violent expressions. Violence has nothing to do with the purpose of a university.

[Question] Perhaps there are very few forms in which it may be expressed?

[Answer] It can be expressed however they want and as strongly as they want. We have no problem with that. What is wrong is when there is a loss of respect.

[Question] Are you bothered by the wrangling, the heated debate that is more characteristic of a university than of a barracks?

[Answer] No.

[Question] Are you alarmed by the shouting?

[Answer] No.

[Question] But do you think that the agitation is politically based? Do you not think that it may respond to a desperate situation in the country?

[Answer] No.

[Question] To a lack of democracy?

[Answer] No. I do not believe that is the real motivation. Violence generates violence. It has no meaning for those being educated -- who live through thought -- for violence to prevail over reason.

[Question] But some think that thought is being stifled in the universities.

[Answer] That is not true at all. If that were so, you would have but to go to the university and see the excesses. If the police were called in just because of noise, they would be there every day. It is the excesses that cannot be accepted because if you begin to lose mutual respect and accept the destruction of property, then what would we have left? The university cannot be transformed into a battlefield. Violence generates more violence.

[Question] Is it not perhaps the fact that there is so much talk in the country of the enemy, which creates a war logic?

[Answer] No. War is inconceivable inside the university.

[Question] It is said that between Chileans, there are irreconcilable enemies.

[Answer] That is an issue completely....

[Question] An issue that can be discussed openly?

[Answer] I would say so.

[Question] But many of those issues that can be discussed openly and on the outside are having an effect on the inside, wouldn't you say?

[Answer] Definitely.

General and Rector

[Question] Recently, the top student leaders of the University of Chile and the Catholic University were arrested and held. Did you think that was a proper measure by the Ministry of Interior to issue the summons or did you think it just exacerbated things unnecessarily?

[Answer] I could not say. That was outside my sphere. The government probably had its reasons for doing what it did. It is up to the courts to say whether it was justified.

[Question] As rector, were you consulted? Did they ask you whether you thought it was proper?

[Answer] No.

[Question] If they had consulted you, would you have approved?

[Answer] It all depends on the context.

[Question] The rector of the Catholic University went to the prison to visit the leaders. Why did you not go?

[Answer] Because I believe that when the Executive makes a decision and there are persons already in the hands of the courts, it is not proper for me to meddle. Without a doubt, the deans were concerned and ready, if needed, to respond to any humanitarian situation.

[Question] Going in his car to leave the president of the FECh [Student Federation of Chile] with the courts, as acting Dean Carzulovic did?

[Answer] That was one way of pacifying the situation.

[Question] Did you authorize it?

[Answer] Yes. We thereby avoided a situation of confrontation between the students and the police.

[Question] Considering the fact that you are a military man on active duty, who owes obedience to your commander in chief, and given the fact that the commander in chief is also the president of the republic, could you have gone to the prison without risk to your career?

[Answer] If you present it in that way, there is only one reply. I cannot, as a military man, disobey orders given to me by the commander in chief of the army. But if you ask me whether I, as rector of the University of Chile, would have had to ask the president of the republic for authorization to visit the students in jail, absolutely not. I do not request authorization to exercise the duties of rector.

[Question] But if you had considered it proper to go -- as did the rector of the Catholic University -- could you have done so and would you have been promoted to the rank of major general after doing so?

[Answer] I do not know. What I do know is that I would never have done so.

[Question] I am asking this in order to see how it is to serve in this double role as a general on active duty and consequently, subjected to a discipline, and as rector of a university, for which purpose great autonomy is presumably required.

[Answer] On that I have never had any problem with the president of the republic. I sometimes talk with the president and inform him of what is going on in the university -- the plans we have and sometimes asking for economic aid -- but I do not go to receive or request instructions. Furthermore, the university is autonomous and the president has always viewed it in that way and has greatly respected the autonomy of the university. Absolutely. He has never intervened in any decision that I have made inside the university. He has never interfered in anything.

[Question] What greater interference could there be than placing a general here?

[Answer] If he were to give instructions on something, he would, but he has never done so.

FECh

[Question] General, the university is on the eve of a new election of the Student Federation. You do not recognize it?

[Answer] No. It is impossible to recognize it, due to the statutes that the Federation has given itself and because of certain actions and statements of its highest leaders. We have had many talks. We organized -- with the participation of professors from different colleges -- a special committee in order to talk with them and analyze the situation. It was concluded that in order for the Federation to be accepted by the university, certain changes would be needed. Based on the regulations, it is not necessary to recognize any student organization. The organizations that the students want can exist and they will receive support to the extent that they fit into the standards of healthy co-existence and respect. However, the by-laws of the Federation have certain points that make it impossible for us to accept it.

[Question] Which ones?

[Answer] Basically, it ignores the state of law. They do not accept the existence of other student groups different from it, which violates the constitution, because all the groups that want to exist can.

[Question] So you do then accept the FECh as one of the organizations that can exist?

[Answer] Accept it as a fact, of course. But it is not possible to recognize it, first of all, because it is not necessary according to our regulations, but fundamentally, because we cannot accept or recognize a student organization which in turn does not recognize fundamental principles in the Political Constitution of the government. We told them of the need to modify their statutes on these points. And there is something else of vital importance: for them to declare publicly that they recognize that violence is not a method that can be used in the university to discuss differences of opinion. They have systematically refused. Furthermore, it is a publicly known fact that the current president of the FECh has outlined his goal of achieving the "ungovernability of the university," which would mean leading it to chaos. They also insist that the Federation's members include the students of the current Metropolitan University of Educational Sciences, the former Pedagogical Institute and the Professional Institute of Santiago, both institutes of higher learning that have no relationship whatsoever to the University of Chile now. How can we get along with a Student Federation that has students from this and other universities? And in the coming FECh elections, all will vote, just as in the previous election. That is where the figures start to change.

[Question] So you will definitely not recognize the next FECh?

[Answer] I do not know. I cannot judge things that may come in time, because if the leaders of this organization elected in the coming elections have different purposes and understand our reasons, then we could perfectly well recognize them. If they so request, the director of student affairs could hear their views and, after all, why not? We could even form another committee similar to the one we had last year and hopefully come to an agreement.

[Question] Were you happy that the Christian Democrats are not on the same list as the MDP [People's Democratic Movement].

[Answer] Yes. It is a good thing for positions to be clearly expressed because it is precisely from that group: the MDP, the Communist Party, that pro-violence groups emerge. The more isolated they are, the better.

Doubts

(Since time was running out (over 2 hours) and although the rector seemed to be in no hurry, I chose to hurry the questions, at the risk of jumping from one issue to another.)

[Question] General, it is said that the university has too many employees: 14,000 including academic and non-academic personnel, for 18,000 students.

[Answer] Most of the faculty do not work a whole day.

[Question] Nevertheless, given the university's budget problems, could you get rid of some people?

[Answer] Hopefully yes. Sometimes it is better to replace quantity with quality.

[Question] After everything that has happened, are you sorry that you insisted that Poblete be the dean of engineering?

[Answer] I did not insist.

[Question] You appointed him against the will of the faculty of that college.

[Answer] I did nothing against the will of anyone. Here you have proper hierarchical participation.

[Question] Who appointed him?

[Answer] The name of the previous dean was proposed to the board on a list put together by professors of that college. When that dean resigned, he proposed that a committee be formed to find a new dean, which I accepted, except for a few names. That committee submitted a list to me.

[Question] Why did you follow that path instead of consulting the college board made up of departmental directors?

[Answer] Because the college board does not have the task of electing or proposing the deans, according to the statutes.

[Question] After all that has happened, are you not sorry you made Poblete dean?

[Answer] No.

[Question] Then why do you not ask him to suggest how the next dean is to be chosen?

[Answer] Because he no longer has anything to do with the university. We are going to use a mechanism of greater academic participation in the designation of the next dean of engineering.

[Question] The students say: "We already got rid of Minister of Education Horario Aranguiz. We got rid of Poblete and the dean of medicine. Now we will get rid of the rector." What do you think about that?

[Answer] They did not get rid of them. The decision to accept their resignation in the case of the deans was mine.

[Question] Can they get rid of the rector?

[Answer] The decision on the rector is not theirs or mine. It belongs to the president of the republic.

[Question] With which of the two groups of professors do you get along better? the Association of Professors or the United Front?

[Answer] I get along with both.

[Question] But the president of the Association of Professors said that talks had been broken off with the Office of Rector.

[Answer] That is what he said.

[Question] Because you did not keep your word about the method to be followed in order to consult the professors over changes in statutes.

[Answer] I have never broken my word.

[Question] But you sent instructions different from what had been agreed upon.

[Answer] I had not agreed on any instructions. The instructions sent agree in many ways with suggestions made by the Association after they were sent. The only important difference is that they wanted everyone to participate, professors and assistants. This is in contradiction with the idea that they themselves back for hierarchical participation. Everyone will be heard: professors, assistants and even students through the proper organization, but they cannot have the same decision-making power. This is the first time that university professors will participate in the proposal or generation of statutes governing the university.

[Question] On what is university autonomy based: the professors themselves or delegated authority?

[Answer] Both.

[Question] Next week, the Association of Professors will hold a meeting to see whether they want your instructions or theirs.

[Answer] I asked them to make a proposal in order to reform the statute and they said they would not do so. I do not see why they would ask the opinions of persons not represented by them.

[Question] The Association of Professors includes over half of the teaching personnel.

[Answer] I do not know; that is what they say. I have my doubts. The instructions are in force and there is no basic difference.

[Question] Finally, if the majority of the professors proposed that the rector be elected by them, would the statute change?

[Answer] It would not be necessary; the statute does not prevent that. It allows the board to propose a list so that the president of the republic might designate the rector and obviously, the board would have to seek a formula in order to gather the opinion of the faculty. I emphasize that I am for the broadest and freest possible hierarchical participation -- I emphasize the word "hierarchical" -- of professors in the university.

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CSO: 3348/102

CARABINEROS LAW PROFESSOR DEFENDS INSTITUTIONAL MERIT

Santiago QUE PASA in Spanish 7 Nov 85 pp 59-62

[Interview with Miguel Otero Latrhop, Carabineros law professor; date and place not given]

[Text] His Personality

Upon seeing him, one can easily imagine him in court: tall, sure of himself, raising his eyebrows slightly and looking at the judges with his twinkling blue eyes. This is perhaps why some say he is arrogant and he seems to know it. He says he is controversial and has many enemies. "My satisfaction, however, is that after working or dealing with those people, many of them end up being great friends of mine." The cause of the antagonism he generates he attributes to his frankness. "When I have something to say, I say it, without beating around the bush and right off the bat." He believes in "conscious loyalty" and says that the most loyal individual is one who disagrees and points out the mistakes, rather than one who remains silent about them in order to avoid conflict. He says he is very demanding, a doer and little inclined to hold grudges.

Unlike his father, he believes that money does have advantages. The biggest one is that it provides independence. "The only person who can enjoy the luxury of defending his principles proudly and with dignity is one who has independence and the means to survive." He is not afraid to plunge into battle when necessary. During the regime of the Popular Unity, he was chairman of the security and vigilance committees of Las Condes commune, "which brought me more than one death threat." He is a Catholic in his own fashion. "I believe in the great principles of Christianity, especially those maxims that teach us that 'As you judge, so will you be judged' and 'Let he who is without sin cast the first stone.'" He says that he likes to judge less and less, "unless one could turn historical reality into the present legal reality."

Proud of his family, he is a great admirer of his wife, Patricia Alvarado. "She is a great artist, as she has shown with her work in ceramics and porcelain. But for years, she sacrificed her personal fulfillment to her role as a mother." Showing the garden of his beautiful house in Los Dominicos, he says, "All of this is her work."

Unusual Question

If President Pinochet were to ask him to be his counselor and adviser, what advice would he give him today?

"I like the president very much, but I believe that he is sometimes cut off or isolated from reality. I would therefore tell him: 'Do not believe, Mr President, that everyone who criticizes is an enemy. That critic is perhaps being more loyal than you think.' And since I believe that communication is a key to understanding, I would add: 'I believe that it is important for the government to talk with opposition leaders. In so doing, you would not diminish either your power or your authority.'"

His Life

He came to law almost through osmosis. His father, Jose Antonio Otero, created the Carabineros Legal Assistance Department and was a government attorney in nearly all the administrations. Consequently, it was not at all strange that the two sons of the Otero-Latrhop couple decided to be lawyers, a tradition that would continue when two of Miguel's sons also took up the career.

However, Miguel Otero added two other major interests to this legal vocation: the military and political careers. His youth at the Military School and in the Calama regiment and his capacity as professor of law with the Carabineros made him love and admire the military career, which is why, he says, he is hurt by attacks on the Carabineros Corps and accusations aimed at members of the institution. He is confident that at the conclusion of the trial being conducted by Minister Canovas, the people will see that many of the accusations were groundless. His contact with politics was greater during the presidential campaign of Jorge Alessandri, in which he worked actively. A member of the Liberal Party, he declined to run for a deputy seat when the opportunity was offered him "because, even if you do not believe it, I have no interest in public posts." An active local leader in Las Condes, he believes that the work of mayors is very difficult today because "they are subjected to great political pressure and have very little stability."

Although the National Party was formed in his offices (he was secretary general of the Liberal Party), he does not now seem to be related to any of the factions into which the right has divided. "I believe that when personalities are left out, the right will again be united." However, he notes that if he had to choose, he would go for the National Union, although the optimum formula for the country's future lies, he thinks, in a combination of center right and center left forces, united by their respect for the constitution and the law.

[Question] You assumed the defense of three carabineros who were piloting the helicopter that flew over the Latin American College at the time of the kidnapping of leader Guillermo Parada. What is their legal situation at the present time?

[Answer] First of all, I must clarify that I am not defending the helicopter pilots, but rather, a patrol of the Special Police Operations Group which was flying in the Carabineros helicopter and which customarily has a technical function in aid and rescue operations. On that occasion, there were two corporals and one lieutenant. The information we are presenting clearly shows that the helicopter took off from the airport at 0900 hours and, as you know, the kidnapping occurred at 0850 hours. This is shown in the records kept by the control tower and the Civil Aeronautics flight operators. The fact that my defendants' bail order was lifted is proof that they had nothing whatsoever to do with the events.

[Ouestion] But it was shown in the trial that the flight plan was altered.

[Answer] The flight log is a document kept by the pilot and in which it is of no importance whether the pilot is right or wrong in the time of takeoff or departure of the helicopter. It is only a note of flight time for future technical inspection of the aircraft. The important and decisive element is the information kept by the control tower and it has been established that the helicopter took off at 0900 hours. It is also shown that between 0830 and 0900 hours of that day, a military helicopter and two or three civilian helicopters took off from Trobalaba.

[Question] And what was the mission of the Carabineros helicopter?

[Answer] It was on an emergency mission when notified of the kidnapping. The radiocommunications captain, the very man who notified the ambulance, was the one who called. An injunction was issued for the captain but was lifted when it was shown that he had absolutely nothing to do with the events.

[Question] When you assumed the defense of the GOFE [Special Police Operations] group and its commanding officer, did you not think that you might be defending criminals?

[Answer] Before assuming the defense of the carabineros, we thoroughly investigated the case. I even told them: "If you are hiding anything from me or if I later find out that you have not given me all the information, I will drop the case, which would be very harmful to you because it would mean that I do not feel it is morally right to defend you." After 10 or 12 days of studying the evidence, working with the police and investigating, we came to the conclusion that those individuals had nothing to do with the case and agreed to defend them.

[Question] And if you had had to defend Colonel Michea or Colonel Fontaine, what would you have done?

[Answer] I would have tried to investigate to see whether or not they were responsible. If they had had some responsibility, I would not have agreed to defend them, not because they should not be defended, but rather, because I believe that one who participates in an act of terrorism should receive the maximum penalty, which would have prevented me from defending them properly.

[Question] You believe that the truth will eventually be learned about what happened in the case of those who had their throats cut?

[Answer] As a Chilean and as a professor of law, I fervently hope the truth will be learned. I believe that Judge Canovas is a great magistrate, an honest man with a great desire to get to the truth. We hope that he will be given all possible means to do so. Now then, with respect to your question, I do not know whether or not the truth will be learned. It is symptomatic that to date, no one has been charged with the kidnapping and killing.

[Question] To what do you attribute this?

[Answer] I do not know; I am not very familiar with the trial. I would personally liked to have seen the Carabineros ordered to investigate also.

[Question] Do you distrust the CNI [National Information Center] and Investigations?

[Answer] No. I only think that four eyes see better than two.

[Question] You have been critical of the work of the CNI.

[Answer] Following the Calama case and on other occasions, I have noted that the function of the secret services and the secret police is information; that is why they are secret. But the information they gather must be turned over to the government, which must pass it on to the courts so that they may issue arrest orders. And who carries out those arrests? In my opinion, it should be Carabineros and Investigations, who go in uniform, with identification plates, vehicles visibly marked. Otherwise, there is confusion and bewilderment. When people in civilian dress make arrests and are armed in the street, then terrorism is given the best weapon because you cannot tell who is who.

[Question] But DICOMCAR also worked as a security organization.

[Answer] As a result of which I heard internally in the institution that the purpose of DICOMCAR was to clarify the terrorist attacks on the Carabineros and it was very successful. Furthermore, Carabineros receives orders to investigate from the courts and at any time, the institution can give the names of those participating in a mission.

[Question] Naturally, DICOMCAR did not realize its acts and had secret places.

[Answer] If there were any excesses, it was because of a human problem.

[Question] Do you believe that the DICOMCAR case has hurt Carabineros a great deal?

[Answer] I believe that the mentality of the average Chilean, who likes sensationalism, has found a good target in Carabineros. Since the carabineros are the ones who put down illegal trade and those who violate the law and since they are responsible for maintaining order, it was the right time to get at them. I think that time will show that the accusations were groundless and that the people will see how much they owe Carabineros.

[Question] You seem to have blind faith in the innocence of Carabineros.

[Answer] I have given law classes and special courses to lieutenants and captains for over 15 years, emphasizing the function of the carabinero. It is difficult to think that those people, trained in the processes of the law, in which 50 percent of the classes are on law, with professors who are accountants, judges and university professors, could be involved in acts such as those being investigated by Minister Canovas. I believe that Carabineros is an institution made up of human beings and that it may also have its rotten apples, but those bad apples are not going to prevent people from recognizing that Carabineros of Chile is one of the best police forces in the world.

[Question] And if they are not responsible for the crimes being investigated by Judge Canovas, why were the highest officials removed from the institution?

[Answer] General Mendoza was not removed; he resigned.

[Question] But eight other officers were removed.

[Answer] Yes, General Donoso presented his resignation and it was accepted by the president, which I am terribly sorry about because he was a great officer. What happened to the rest? Because of a desire to pacify and for the purpose of removing all doubt about the conduct of Carabineros, measures were taken that in my opinion were excessive. They meant temporary retirement for some Carabineros personnel. When a minister issues an injunction, it means only that that person is being investigated, but because of those injunctions, Carabineros asked its personnel to retire. The trial has now shown that many of those carabineros had nothing to do with the events. That is the specific case of Ivan Gonzalez, commanding officer of the Special Police Operations Group. The injunctions were lifted concerning all of them. Nevertheless, they were asked to retire and their careers were ended. An injustice was thus done to those persons and that injustice has to be rectified. That is why it will be necessary to pass a law making it possible to take those uniformed men back into their posts.

[Question] But the case is not yet over.

[Answer] That is true, but as it moves along, more and more persons are being eliminated from the investigation and those persons have the right to restore their professional lives. This does not happen with civilians and the law in Chile prohibits discrimination.

[Question] And is it discrimination or not when uniformed men can serve their sentences for any crime at military posts, based on the recently passed law?

[Answer] Those uniformed men, because of their uniforms, would have serious problems in public jails. We are avoiding situations of greater discrimination while they are in preventive prison. But if they are convicted, then they will have to serve their sentences in common penitentiaries because they are then criminals.

[Question] Carabineros has now incorporated other branches of the Armed Forces. According to what has been learned from the Canovas trial, it has reportedly even integrated a joint command of personnel from all the branches in security tasks. Do you believe that this is what may have led to situations such as the one presented by DICOMCAR?

[Answer] I have an absolute recall of 30 years on the subject and my opinion on the matter has never changed. I believe that the police function is absolutely distinct from that of the Armed Forces. Carabineros is trained to protect the law and public order and to protect the people. Carabineros resorts to violence only when necessary and if it is used beyond what is strictly essential, it is a crime. The Armed Forces have the function of protecting the nation against its enemies. Their mission is to destroy them. In war you shoot first and ask questions later. You have no choice: Either kill or be killed. The carabinero generally acts alone or in teams, dealing with contingencies, applying his own judgment. In military units, the soldier generally never acts alone and has to carry out orders he receives. In the case of the Carabineros, this is not true. Carabineros should never have been assimilated into the armed institutions because its function is to protect and law and public order within the republic. Now then, since you have spoken of the government of the Armed Forces and Carabineros, I think that confusion has occurred. On the level of the enlisted men in Carabineros and the Armed Forces, they understood that the leadership of the country not only belonged to the high command, but to them also, and they feel they are part of that authority.

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CSO: 3348/207

CHILE

2 PERCENT GDP GROWTH PROJECTED FOR CURRENT YEAR

Santiago EL MERCURIO in Spanish 19 Oct 85 p C-1

[Text] The Ministry of Economy has projected a rate of growth of 2 percent in the GDP, which is compatible with restrictions in the balance of payments, foreign financing and domestic spending.

The rate corresponds to the lower limit of the range projected in the 3-Year Program and "is satisfactory, considering the unexpected drop observed this year in the terms of trade."

These remarks were made yesterday by the undersecretary of economy, Col Jorge Valenzuela, at the ceremony marking the transfer to the National Planning Office (ODEPLAN) of the task of reformulating the 3-Year Program, which since 1984 has been the task of that undersecretariat.

The ceremony was presided over by Minister of Economy Juan Carlos Delano, the minister and vice president of ODEPLAN, Sergio Valenzuela, the undersecretary of economy, Col Jorge Valenzuela, and the deputy director of ODEPLAN, Luis Larrain.

The undersecretary of economy noted that "on the express request of ODEPLAN and with the consent of the Ministry of Economy, the president of the republic has provided that in the future, the 3-Year Program will continue to be reformulated by the National Planning Office," adding that despite this change in supervision, the objectives and goals set forth for the plan have not changed.

He explained that the program emerged from the need to have medium-range guidance and coordination of the public and private sectors of production, which task was initially performed by the Ministry of Economy.

He said that for that purpose, a Central Coordinating Committee had been set up, along with 11 high-level sectorial committees made up of authorities from the public and private sectors. This led to the first 3-Year Program for 1984-1986, which in general terms "made it possible to give correct signals so that the growth goals planned could be exceeded."

Undersecretary Valenzuela provided the director of ODEPLAN with the background information which since the beginning has made it possible to draft the study in question, a complete collection of the 3-year programs for 1984-1986 and 1985-1987, along with the documents and minutes of the meetings of the different committees this year, accompanied by an analysis of what occurred during the first half of this year.

Indicators

The undersecretary then noted that during the first half of the year, the GDP had risen 1.6 percent compared with the same period in 1984, a rate mainly explained by the activity of the forestry-agricultural and construction sectors.

He added that the sector of forestry and agriculture had experienced growth of 7.2 percent as a result of the foreign exchange policy, which has helped exports, and the sectorial policies that have given incentive to production in some areas.

Regarding construction, which rose 12 percent, he noted that this results from the expansion in public investments, the gradual reduction in real interest rates for long-term credits, and public and private repairs of facilities damaged by the 3 March earthquake.

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CSO: 3348/102

CHILE

CARABINEROS CHIEF SEEKS INCREASE IN PERSONNEL

Santiago EL MERCURIO in Spanish 13 Nov 85 p C-2

[Report on interview with Rodolfo Stange Oelckers, general director of Carabineros; date and place not specified]

[Excerpt] Rodolfo Stange Oelckers, general director of Carabineros, repeated his strong condemnation of the extremist action that cut short the life of a new martyr from that corps. He was waiting for the officer's coffin to be brought into the Capilla Ardiente at noon yesterday at the Fabriciano Gonzalez Urzua Noncommissioned Officers School.

He indicated: "It is a crime, a cowardly murder by totally rotten minds. There are people who still do not understand that there is a desire to work in tranquillity and peace. There are people who still do not udnerstand what it means to be part of a civic group like the human race, like the nation."

He loudly remarked: "We have demonstrated our desire for tranquillity but the perpetrators of this attack must not confuse this with weakness."

He was sure that the preliminary investigations will yield results and the extremists will be apprehended.

He indicated: "The institution is united. It knows that these are risks and I trust my officers, all the Carabineros. I know how they have been trained; I know their philosophy. At the same time, they can rely on the command which is concerned about these problems."

He announced that special measures will be taken because of the attack and its fatal consequences. "I could not say what they are because, naturally, we have to adapt them to the deeds. That is why I said that the perpetrators of this crime must not confuse our calmness in procedures with weakness."

[Question] Is there a shortage of personnel?

[Answer] Yes, there is a shortage of personnel. We have said--and I repeat--that we need more personnel because there are many requests. There are many requests for more Carabineros in the towns but, unfortunately, we do not have enough personnel to meet all the demands.

[Question] How many people do you need?

[Answer] At least a third more than we have.

[Question] Will this new attack mean a change in the attitude of the Carabineros?

[Answer] We have a doctrine, we have a philosophy and we work based on it. We are going to find those responsible for this attack. That is why I tell them not to think that our calmness in action will not let us respond energetically when necessary.

[Question] You state with absolute certainty that the perpetrators of the crime will be found?

[Answer] They must be found!

[Question] Is this crime related to the recent murder of a bank official?

[Answer] There are several clues that we are investigating. I could not say now because all these things have to be analyzed by specialists with the appropriate calmness.

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CSO: 3348/206

CHILE

300 BUSINESSMEN POLLED ON ECONOMIC OPINIONS, PREDICTIONS

Santiago EL MERCURIO in Spanish 13 Nov 85 p B-1

[Excerpt] Approximately 300 businessmen and executives who participated in the Seventh National Business Meeting felt that it is most likely that there will not be changes in the mechanism to readjust the dollar or the existing customs level. This is based on a survey taken during the work sessions.

What Businessmen Think
(Figures in Percentages)

Question	Preferred Alternative	Most Likely Alternative
Rate of Exchange:		
Indexed with the IPC of the previous month, discounting international inflation	50.5	77.4
Floating (rate fixed by supply and demand)	24.1	8.5
Table with anticipated evolution	25.5	11.8
Customs:		
Low and equal (close to 10 percent) with antidumping protection	32.5	13.7
Equal at a level of 20 percent or with antidumping surcharges	32.1	71.2
Differentiated between 0 and 35 percent	34.9	11.8
Collective Bargaining:		
Only by sectors with established rates	7.5	6.1
Only by enterprises	77.8	72.6
Optional negotiation by enterprise or sector	13.7	16.5
Government Expenditures:		
Small deficit	52.4	64.2
Substantial increase in government deficit	13.2	8.5
Reduction in government spending and government deficit	34.0	25.0
Foreign Debt:		
Offer foreign creditors payment of only a percentage of exports	42.5	3.8
Generate international conditions for global renegotiation of foreign debts	40.1	21.7
Continue with traditional negotiation mechanisms	16.5	72.2

Question	Preferred Alternative	Most Likely Alternative
Enterprises' Debts:		
Global renegotiation of the enterprises' debts	19.8	8.5
No new renegotiations	23.6	17.0
Individual renegotiations subject to special amortization and capitalization situations	55.7	71.7
Concentration of Property:		
Must be avoided	48.1	50.9
Makes the economy more dynamic	10.4	11.8
Is not relevant to business efficiency or the economic system	40.1	29.2

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CSO: 3348/206

CES RECOMMENDS INCREASE IN REGIONAL DEVELOPMENT FUNDS

Santiago EL MERCURIO in Spanish 13 Nov 85 p C-3

[Text] The Regionalization Commission of the CES [Economic and Social Council] learned yesterday about a substantial increase in the lines of financing that the FNDR [National Regional Development Fund] offers as well as a criterion so that those resources will be invested to greater benefit the regions most isolated from the capital.

That commission, headed by Mario Barrientos and Harry Juergensen, held a long work session yesterday with technical personnel from the Undersecretariat of Regional and Administrative Development of the Ministry of Interior headed by Victor Hassi, chief of the Regional Development Division.

The members of the CES were given extensive information about the procedure adopted by the government concerning the regionalization process. The system applied by that undersecretariat was analyzed. Among other achievements, it has permitted regional growth through the allocation of resources.

At the end of the meeting, Mario Barrientos indicated: "We have been informed of a substantial increase from the FNDR which is unquestionably very beneficial for the regions. I think the most positive aspect is that this fund is approaching the percentage that the law establishes as necessary. It is reaching 5 percent of the total tax revenue of the state, excluding the territorial tax."

He added: "The criterion that is being applied now is better than the one used in recent years. It is a system to invest a higher proportion in regions more isolated from the center of the country. This is very positive and benefits the most isolated zones which have more problems. At the same time, it emphasizes the concept of solidarity which includes better distribution."

He recalled that the CES recently gave the president of the republic a 49-point report containing proposals to expedite the regionalization process. Barrientos said that the president expressed his satisfaction with the study. His response will be announced soon by the minister of interior.

Concerning the aspects that must be considered in order to make this process dynamic, he said: "The CES views it as a constitutional mandate. Therefore, there must be progress in several sectors. The legislative sector must act to make the regional plan workable. The administrative sector must give the necessary support to public services in the regions. Authority must be delegated so that the decision level on investments is in the regions themselves. Finally, the private sector must have a leading role as the motor of development."

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CSO: 3348/206

NATIONAL ENERGY COMMISSION HEAD ON OIL SUBSTITUTION GOALS

Santiago LA NACION in Spanish 27 Oct 85 pp 16-18

[Text] Savings amounting to about US $3.6 billion, achieved by replacing oil with other sources of energy, and the elimination of 7.2 billion pesos in government spending, resulting from the withdrawal in 1979 of the subsidy on certain fuels, are some of the achievements of the National Energy Commission. The commission, whose task is to set policy in this sector, is chaired by Lt Gen Herman Brady Roche, minister-president.

Just 4 days ago, Gen Brady Roche called a press conference to reveal the national energy policy, its current situation and its projections for the future. He explained that the philosophy behind this policy is entirely consistent with the government's social and economic policy, and reiterated that in this sector, a policy of subsidies through the prices of energy products would be highly regressive, since it would benefit the high-income sectors especially.

He indicated that the commission he chairs is striving to substitute national resources for hydrocarbons, emphasizing that since 1976 (when oil consumption began to stabilize and even decline in our country), about $400 million a year in foreign exchange has been saved by this means. Moreover, he noted, the degree of dependence on foreign sources of energy has been reduced.

The text of Gen Brady Roche's presentation appears here as our document for today:

General Facts

To get a better idea of the general energy development policy and of the specific programs that are being implemented, it is appropriate first of all to present an overview of the principal characteristics of this sector, and of the general approach taken by the government to ensure its orderly functioning.

In the first place, we should emphasize the close correlation between energy consumption and the country's economic activity (Figure 1), as a consequence of the derivative demand for this commodity. Thus, the expansion of the sector depends heavily on the development of the other sectors of the economy.

In addition, economic growth requires adequate and reasonably priced energy supplies as a necessary condition. In the second place, it should be noted that the productive processes of the most commonly used energy sources, such as electricity, petroleum and, to a certain extent, coal, are highly centralized. Additionally, the energy production processes tend to be very capital-intensive and not very labor-intensive. Moreover, energy projects are noted for their long gestation periods and useful lives, which means that adequate planning is essential. Finally, we should point out that as inputs, the various forms of energy compete not only among themselves, but also with other factors of production such as capital and labor. Therefore it is necessary to manage relative prices carefully, and to establish mechanisms to coordinate the different sectors.

At this time in our country, the decision-making process related to the development and operation of the energy sector follows a series of coherent rules and is organized within a clear institutional hierarchy, in the case of the state-run enterprises. From this standpoint, we should emphasize the different treatment accorded the centralized forms of production and energy use, as opposed to those forms that may develop more efficiently within a context of decentralization. Thus, major government decisions, such as the installation of new oil refineries or large power plants, for example, are made by the executive branch on the basis of technical-economic studies conducted by National Energy Commission (CNE) in conjunction with the enterprises involved. Decisions related to projects such as the expansion of fuel and electricity distribution networks or the production and utilization of firewood and forestry residues as fuels, on the other hand, are made in a decentralized manner by the enterprises involved, be they state or private, in accordance with the comparative advantages offered by these technologies in each region. In this regard, the government has been concerned with designing general rules that associate economic efficiency with decentralized decision-making. These rules involve aspects such as efficient price-setting systems, mandatory service systems in some cases, the establishment of terms for competition, safety and quality standards, and others.

The figures below attempt to present an overview of the trends that have taken place in the country's energy supplies, and the sectors that consume that energy, for the years 1968, 1976 and 1984.

Figure 2 shows gross primary energy consumption.

It can be seen that the principal source of energy consumed in this country is still petroleum, although in recent years its relative importance has declined. It is interesting to note in this figure the importance of firewood, which constituted 22 percent of all primary energy in 1984.

Figure 3 illustrates the distribution of final energy consumption among the industrial, residential-commercial-public, transportation, and processing sectors.

One way of measuring the importance of the energy sector in absolute terms is through the value of final consumption. In 1984 that value was estimated at $2.4 billion, distributed as indicated in Table 1.

Table 1. Value of Final Energy Consumption in 1984
(in US dollars, x 100,000, as of 6/30/84)

Petroleum and Gas (1)	1,560
Electricity	690
Coal (1)	60
Firewood	90
Total	2,400

(1) Does not include the value of energy used in the generation of electricity.

Considering the heavy state participation in the energy sector and the volume of sales in this sector, the fiscal impact of a policy of subsidizing energy prices is clear.

Needless to say, these decreasing resources would have a fundamental impact on government social spending.

On the other hand, it can be demonstrated that a policy of subsidizing energy prices would be highly regressive, benefiting high-income sectors above all.

Thus, for example, in the case of paraffin and liquefied gas, surveys reveal the following stratification of consumption.

In 1979, the prices of paraffin and liquefied gas contained an implicit subsidy that represented 7.2 billion current pesos a year.

Of this total, according to the indicated stratification, 2.54 billion pesos reached low-income families, while 4.66 billion pesos went to the middle and upper strata.

If the subsidy is analyzed per family, the result is that on the average, a low-income family received 200 pesos a month, while a high-income family received 750 pesos a month.

General Policies of Energy Sector

The philosophy with which the country's energy problem has been approached is entirely consistent with the government's economic and social policy. The central objective of the current energy policy is to achieve efficient energy supplies, understanding by that the production and use of the most economic forms of energy, with adequate availability and reliability of supplies.

The principal mechanisms that have been implemented to achieve this objective are the following:

--A clearly organized institutional hierarchy that guarantees and facilitates the stable and orderly operation of the sector.

--The establishment of legal regulations and non-discriminatory rules that will facilitate the involvement of the private sector in the energy sector and provide for an effective coexistence of state and private enterprises, with the former operating within a framework of subsidiaries.

—The coordination of the investment decisions of the state-run enterprises in the sector from a comprehensive perspective, in keeping with national interests.

—Pricing policies that arecoherent and economically efficient from the standpoint of energy production and use. This translates into free prices for products that can be negotiated, such as fuels, and into electricity rates based on the marginal costs of supply.

—Active state participation in the evaluation of energy reserves, when justified by prospects for utilization.

—The implementation of mechanisms to provide information on technology and prices, to lead in a decentralized manner to a rational and efficient use of energy.

Development Prospects of Principal Energy Subsectors in 1985-87 Period

For the purposes of the analysis of this sector, the demand for energy has been grouped into five fundamental components: petroleum, firewood, coal, hydroelectricity and natural gas.

It is estimated that primary energy demand will grow by approximately 22 percent between 1984 and 1988, which means an average annual growth rate of about 5.0 percent. The subsectors show markedly different indicators, however.

Demand in the petroleum subsector will decline by 2.7 percent in 1988 compared to 1984; this drop will be the result of the increasing replacement of petroleum by other sources, especially coal (which will be used in thermal electricity generators and industrial boilers), and also firewood and forestry residues.

The demand for hydroelectricity will rise by 22 percent between 1984 and 1988, which means an average annual rate of 5.1 percent. This increase corresponds basically to the effect of the opening of Colbun-Machicura.

The country's demand for coal is projected to be 50 percent higher in 1988 than in 1984. This can be explained by the beginning of operations in 1985 at the No. 13 thermoelectric plant at Tocopilla (a 78-MW coal-powered plant), and the opening of Unit 14 (125 MW, also coal-fired) in 1987. This growth will be offset in part by the opening of the Colbun-Machicura hydroelectric plant, which in 1985 and 1986 will displace a major portion of the power now generated by coal-based plants in the Central Interconnected System.

It should be noted that the growth trend of the 3-year period will extend through to the end of the decade; the 1990 figures are expected to be double those of 1984.

plants by 1988. They will be developed by foreign investors, and one will produce methanol, the other fertilizers. Both projects are aimed at producing exports, and will use 75 percent of the proven reserves. The National Petroleum Enterprise (ENAP) must build a pipeline to transport gas to these two projects.

The aforementioned projects for the electricity, coal, and petroleum-gas subsectors, along with various projects in the transportation and distribution of these fuels plus the investment projects, will entail total investments of $382 million, $605 million and $688 million in 1985, 1986 and 1987, respectively.

Concerning the eventual use of natural gas, in the central region of the country studies are being made to determine demand and the costs of distribution, transportation and storage of this fuel. The natural gas may be supplied from Argentina, or from gas deposits that may be discovered in the south-central region of the country.

Finally, the significant growth rate recorded for petroleum in the past, which entailed the doubling of demand every 10 years, has been reduced to zero as a result of the government's programs to replace petroleum with coal and hydroelectricity, and the realistic pricing policy that has led consumers to save petroleum and substitute coal and firewood, primarily.

Principal Projects

Petroleum and Gas

—Exploration for hydrocarbons in the areas of Pampa del Tamarugal and Salares de Atacama, Punta Negra, Pedernales and Maricunga, the Southern Zone in the Osorno-Llanquihue sectors in Tierra and Arauco, Valdivia, Golfo de Penas and Diego Ramirez Island, offshore.

—Projects for the use of natural gas methanol from Magallanes for the production of methanol and ammonia-urea.

—Gas pipelines for the transportation of natural gas in Magallanes.

Coal

—Opening of the Pecket mine in Magallanes.

—Modernization of the structure of production in Lota and Lebu.

Electricity

—Hydroelectric plants in Alfalfal (Maipo River, 135 MW) and Canutillar (Reloncavi Bay, 143 MW).

Finally, the demand for natural gas for energy purposes will climb by 4.8 percent in the 1984-88 period, attributable to the natural growth in consumption.

Production

As for national production of crude oil, it is expected to decline by about 18 percent between 1984 and 1988. Nevertheless, because of the fall in the demand for hydrocarbons, the net effect on self-sufficiency will be mitigated somewhat. It is expected to decline from 48 percent in 1984 to about 40 percent in 1988. We should also point out that because of the increase in total primary energy consumption during the years in question, primarily in terms of other nationally-produced sources of energy, the overall dependence on foreign sources of energy will fall from 26 percent in 1984 to 22 percent in 1988.

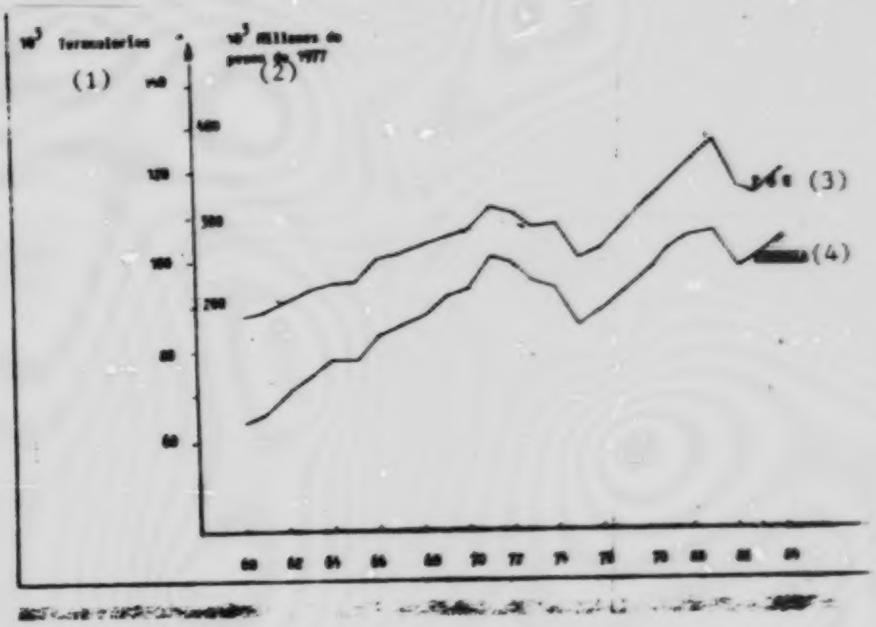
Investments in the petroleum sector will be aimed at maintaining national productive capacity; with this goal in mind, the bulk of investment will be earmarked for the exploration and development of the reserves in Magallanes. In addition, an important exploration program is being carried out in the rest of the country with a view to possibly exploiting these resources both privately (Risk Contracts) and by the state. Finally, investments will be required to drill for natural gas and transport this fuel to supply methanol and ammonia-urea plants that use it as a raw material.

In the electricity sector, the recent opening of the Colbun-Machicura plant in April 1985, with a production of 3,000 GWh per year, will enable the Central Interconnected System to attain self-sufficiency by 1990. The construction of the 140-MW Alfalfal (Maipo River Basin) and 145-MW Canutillar (Reloncavi Bay) power plants has already begun. In 1985 the 75-MW No. 13 thermoelectric unit, a coal-powered plant, began operations in Tocopilla. Construction began on Unit 14, a 125-MW plant, and on the lines to connect the electrical systems of Tarapaca, Tocopilla-Chuquicamata, and Antofagasta with the Norte Grande Interconnected System (SING). A decision will be made soon on the site and date of installation of the 125-MW unit that will follow Unit 14. It will supply the growing demand in the SING system.

The coal will come primarily from national sources, with the exception of about 250,000 tons of metallurgical coal that will have to be imported because there are not enough reserves of this type in current mines. As a result of the coal bidding that the Copper Corporation (CODELCO) held for its plants in Tocopilla, the private consortium COCAR will begin coal production in the Pecket deposits in 1987. It is expected to attain an estimated production of more than 1 million tons a year by the end of the decade. The National Coal Enterprise (ENACAR) and Schwager, on the other hand, will carry out an investment program during the 3-year period to modernize and rationalize mining activities at the Arauco deposits.

With regard to the utilization of the natural gas from Magallanes, in the coming years investments are scheduled to provide for the construction of two

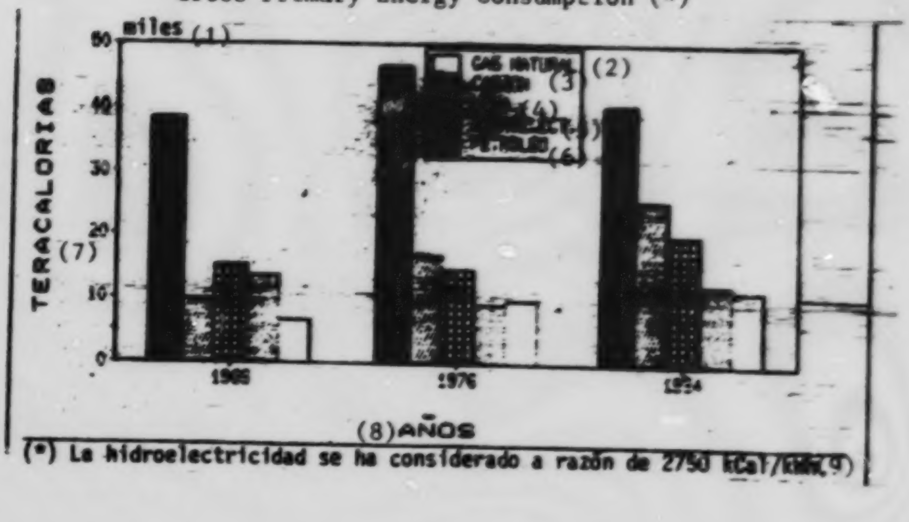
Figure 1
GDP and Energy Consumption



Key:

1. Teracalories
2. Millions of 1977 pesos
3. GDP
4. Energy

Figure 2
National Energy Commission
Gross Primary Energy Consumption (*)

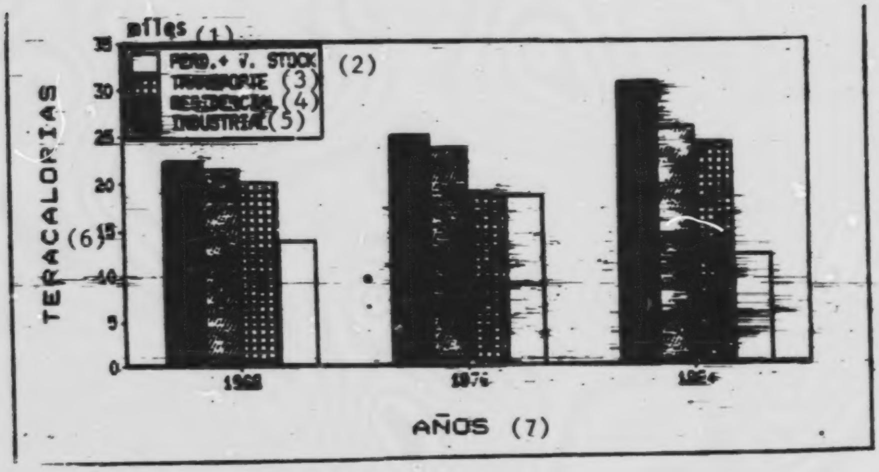


(*) La hidroelectricidad se ha considerado a razón de 2750 kCal/kWh(9)

Key to Figure 2:

1. Thousands
2. Natural gas
3. Coal
4. Firewood
5. Hydroelectricity
6. Petroleum
7. Teracalories
8. Years
9. (*) The hydroelectricity has been considered at a rate of 2750 kCal/kWh.

Figure 3
National Energy Commission
Final Consumption



Key:

1. Thousands
2. Perd. + V. Stock
3. Transportation
4. Residential
5. Industrial
6. Teracalories
7. Years

8926
CSO: 3348/149

FORESTRY SECTOR AUGMENTS EXPORTS, PLANTINGS, CONSERVATION

Santiago EL MERCURIO in Spanish 19 Oct 85 p C-5

[Text] Ministry of Agriculture Jorge Prado announced yesterday that among its accomplishments, Chile can count an increase in the area planted in forests of over 300 percent, growth in exports of lumber and wood by-products of 1,200 percent and 10-percent participation in the total amount of foreign exchange generated in the country.

He added that "one cannot cut a single hectare of forest without first guaranteeing replanting, which gives the activity a strong conservationist inspiration and which, furthermore, is explicitly stated in the Political Constitution of 1980."

The secretary of state made these statements when speaking at the celebration of World Food Day and the 40th anniversary of the UN Food and Agriculture Organization (FAO), which occasion marked the official opening of the organization's new regional headquarters located at 6700 Avenida Santa Maria.

The event was attended by the dean of the diplomatic corps, apostolic nuncio Angelo Sodano, the deputy director of the FAO, Mario Jalil, the resident coordinator of the UN Development Program (UNDP), Pierre Dan Baas, and Ambassador Hernan Santa Cruz. In addition, numerous government officials, diplomats and international figures attended.

During the lengthy ceremony at which the regional economist of the FAO, Fernando Fuenzalida, spoke, reading a document on rural youth prepared in connection with World Food Day, the regional director of the organization, Mario Jalil, also read a message from the director of that organization, Edouard Saouma.

Also speaking was apostolic nuncio Angelo Sodano. The ecclesiastical official read a number of papal statements reflecting the thought of the Church on the FAO, an entity created at the close of World War II to fight the disastrous effects of the conflict.

Commemorative medals were then presented to Sodano and to Minister Prado. A tree was also planted as a symbol in front of the new building housing the FAO.

National Achievements

In his address, Minister of Agriculture Jorge Prado said that the positions of the FAO and the path set forth to guide research work and improvement in techniques "have had the full and complete cooperation of the Government of the Armed Forces and Order throughout these 12 years."

"At the same time, we have had the support of the FAO in the development of projects and specific programs for irrigation, livestock raising, plant and animal health and various other areas," he said.

Prado indicated that results obtained in experiments carried out together "have spilled over into the fertile field of private enterprise and have provided important information for organizing subsidiary action of the government and for drafting our agricultural and forestry policies, inserted into the framework of an open market economy."

With respect to achievements, Prado mentioned the increase in production and productivity, the incorporation of advanced technology into farming and food production, the reduction in the rural unemployment index to under 5 percent, the plentiful supply of corn, poultry and eggs, meeting over 90 percent of consumer needs for sugar, milk, rice and red meat, the increase in exports of over 2000 percent in 12 years and the positive trade balance of the sector, amounting to over $560 million.

"If results in the area of food production are increasingly good, they are equally good in forestry," he said.

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CSO: 3348/102

CHILE

SHIPS, PROCESSING PLANTS ADD TO FISHING SECTOR CAPABILITY

Santiago EL MERCURIO in Spanish 28 Oct 85 pp B-1, B-3

[Text] Investments in the national fishing sector have been very dynamic lately, with the installation of new processing plants, the purchase of planes for prospecting, and the addition of new vessels to the fleets of the various companies.

The latest edition of CHILE PESQUERO reports that between July and August of this year three Islander planes arrived in the country, having been purchased by Pesquera Guanaye (a subsidiary of the Chilean Oil Company) to renew its fleet and carry out more efficient prospecting and "aerial seining." The vessels will be based in Arica, Iquique and Antofagasta.

The magazine also reported that last August Pesquera Guanaye was authorized to install a plant to make fishmeal, fish oil and soluble materials in Tocopilla. "The plant will have an initial capacity to process 30 tons of raw material per hour, and it is expected to produce about 20,000 tons of fishmeal per year. It will provide direct employment to approximately 170 persons."

The Salmonsur S.A. company installed a new fish processing plant also, reported the specialized publication. The plant is located in Ancud, and has a 940-square-meter packing and processing shed. It is also equipped with a freezing tunnel, two maintenance chambers, a canning line and auxiliary buildings.

The new Salmonsur plant, in addition to processing its own fresh, frozen or canned products for the export market, will provide processing and packing services for other producers in the region. It will also serve as a refrigerated warehouse on contract to Tattersall Warrants Ltd.

This plant complements Salmonsur's two regional centers where trout and Pacific salmon are raised.

Pesquera Loa Sur S.A. also began operations in a new fishmeal and fish oil plant located in Coronel, Region VIII. Loa Sur is a subsidiary of Pesquera Loa S.A.

The unit in Coronel is made up of a fish processing plant with a capacity of 80 tons an hour, and a fleet of four 550-ton boats. It is estimated that these vessels will catch 160,000 tons a year. These facilities will provide employment for approximately 260 persons.

New Boats

The Indo and Eperva companies also added new boats to their fishing fleets. Indo, according to the fishing publication, added a "former American crab boat that used to operate in Alaska and was purchased by Indo in 1984. Brought to the country at the end of last year, it was converted into a 'cerquero' boat at the Astilleros Arica shipyards and will soon begin operations in the northern region of the country."

Eperva, meanwhile, is "in the process of modernizing its fleet," and received the boat Eperva 58 from Astilleros Arica. This vessel has a storage capacity of 290 tons and its equipped with the most modern technology. It will operate in Regions I and II.

In another area, the publication indicates that Astilleros Arica S.A. in September began expanding its facilities in the port of Arica, "involving the incorporation of a new boat lifting system called Syncrolift that can handle vessels up to 45 meters long and 15 meters wide, weighing up to 1,000 tons."

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CSO: 3348/149

IRON, STEEL INDUSTRY EXPORTS TO EEC, JAPAN INCREASE

Santiago LA NACION in Spanish 30 Oct 85 p 8

[Text] The secretary general of the Latin American Iron and Steel Institute (ILAFA), Anibal Gomez, stated that the situation of the Chilean iron and steel industry is favorable, and it is in a better profits position than other productive industries in Latin America. In this regard, he reported that in the first 8 months of this year, production totaled 510,000 tons, while the profits of the Pacific Steel Company (CAP) for the first 6 months reached US $4.5 million, nearly double the figure for the same period of 1984.

Gomez mentioned the conclusions of the recent ILAFA-26 Congress held in Rio de Janeiro, and stated that early next year an iron and steel mission from the region will travel to the United States to convince officials there to modify some aspects of the protectionist legislation that has been passed in that country. The mission also intends to express the view that the agreements adopted with Latin American countries for voluntary steel export quotas have not worked efficiently. In this regard, the mission will suggest that unused quotas be used by other countries.

The executive pointed out that the United States imported 25.4 percent of its steel consumption in the first 8 months of the year, while last year it imported 25.8 percent. This is very far from the goal of 18 percent established by the Reagan administration.

He also asserted that the exports of the European Economic Community countries and Japan in this sector have increased significantly in recent years, and other nations that did not sign the agreement have taken advantage of the situation to make up the difference.

Profits

In addition, Gomez stated that the profits of some Latin American iron and steel companies are quite low, since the foreign debt is very high. It totals US $12 billion for the companies in this sector, a level similar to the foreign debts of countries like Colombia and Peru.

In this connection, Gomez emphasized that the case of CAP in Chile is different, because it is earning high profits, higher even than Brazilian firms in this sector are earning.

Finally, he indicated that domestic demand in the region has fallen off by 8 percent from the 1984 level, while exports are still at about 10 million tons. Domestic consumption, although down considerably, totals some 29.3 million tons.

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CHILE

MINISTER PRESENTS LONG-RANGE STRATEGY FOR COPPER INDUSTRY

Santiago EL MERCURIO in Spanish 9 Nov 85 p A-3

[Text] The minister of mining has made an enlightening presentation of long-range problems affecting the copper industry and possible strategies to be applied in order to overcome them. Given Chile's importance in the world production picture and copper's relevance to the national economy, the facts presented by the head of the ministry will serve to provide a better understanding of far-reaching aspects of the crisis in which the country finds itself.

In addition to circumstantial aspects negatively affecting Chile's economic development, one must remember those relating to the main export activity, which is the principal source of foreign exchange. First of all, it must be emphasized that the terms of trade have deteriorated, reflected in the fact that in 1973, one had to produce and sell 3.4 pounds of copper to buy 1 barrel of oil, while in 1984, one had to sell 45 pounds of the metal to buy that same oil!

This is to a great extent due to the deterioration in the average price of copper on international markets, which in 1973 was $1.842 a pound. That price dropped to $.618 a pound last year with the dollar at equal value.

According to Minister Lira, this is due to major structural changes in the copper market, resulting, among other things, from the decentralization of the industry and the reduction of the level of vertical integration of that industry because of the nationalizations, which disconnected production from the other processing phases. In addition, there has been a drop in the rate of growth in copper consumption, which went from an annual rate of 6 percent between 1954 and 1964 to 3.3 percent between 1964 and 1974, reaching the alarmingly low rate of 1.6 percent in the past decade.

Different reasons explain this picture: the weak growth of the world economy in recent years; the decline in the use of copper in developed economies because of the substitution of aluminum, plastics, optical fibers; and the total elimination of copper from wireless communication. Furthermore, contrary to what one normally assumes, copper is not an entirely nonrenewable raw material due to the high percentage of recycling and the use of scrap in the copper industry.

The picture described does not promise substantial improvement in the future and levels of consumption will probably not experience significant changes. For this reason, analysts agree that one should not expect annual rates of consumption of over 2 percent over the next 15 years.

The government has therefore worked out a long-range strategy that would take advantage of the comparative benefits of our copper industry, maintaining current production levels and developing profitable projects that would enable it to meet future demand under advantageous conditions. This should be possible by maintaining the progress achieved in levels of competitiveness and production capacity at costs far below the world average and in the productivity of labor and the modernization of equipment and processes. In addition, Chile and other copper producers must step up efforts and research aimed at promoting new uses of the metal, assuring the industry of relative stability in the years to come.

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CSO: 3348/207

CHILE

BRIEFS

2 NEW AF GENERALS--The Chilean Air Force announced yesterday that Air Force Col Jorge Massa Armijo and Col Enrique Fernandez Cortes had been promoted to the rank of brigadier general of the Air Force. In addition, Brig Gen Vicente Rodriguez and Brig Gen Caupolican Boisset Mujica have been promoted to the rank of Air Force general. General Escobar now serves as minister of transport and telecommunications. General Rodriguez is commanding officer of the institution's Personnel Command and General Boisset is head of the Aeronautics Industrial Complex, which has its base of operations at the El Bosque Air Base. The makeup of the 1986 High Command will be made known in the days to come. [Text] [Santiago EL MERCURIO in Spanish 19 Oct 85 p C7] 11,464

RENEGOTIATIONS AID SMALL DEBTORS--Thanks to a new plan officially announced yesterday by Minister of Finance Hernan Buchi, 200 billion pesos is the sum of money that could be renegotiated. The plan would help some 90,000 persons with unpaid debts to the banking system of under 10 million pesos. Buchi noted that the purpose of the program is to examine the debt renegotiating policy case by case, and he added that the total amount of unpaid obligations is approximately the figure mentioned. Buchi spoke of the plan in a private speech yesterday before the 99 members of the Economic and Social Council (CES), on the final day of the meeting of the Council, which advises the president of the republic. The minister emphasized that economic officials do not support massive renegotiations, a mechanism used exclusively when necessary in an emergency, but that they do favor the system of individual negotiations between banks and debtors. In order to achieve this purpose, the process of a case-by-case examintion will be promoted by making the standards of the Banking Superintendency more flexible, thereby helping to find solutions for small debtors. This category includes those owing less than 10 million pesos. [Excerpt] [Santiago EL MERCURIO in Spanish 15 Nov 85 p C-2] 11,464

CSO: 3348/207

BANKERS FORM GROUP TO STUDY DEBT RESTRUCTURING

Bogota EL ESPECTADOR in Spanish 5 Sep 85 pp 1-A, 7-A

[Article by Dario Fernando Patino]

[Text] Colombian banks have agreed to form a kind of union or consultants group to begin the process of refinancing the debts of private national companies under terms established by the government in measures adopted last 7 August.

The bankers union will be similar in its function to one formed in the United States to solve the problem of the foreign debt in Latin American countries.

Nearly 200 national companies owe the local financial system some $220 billion and there are doubts about the chances of collecting $160 billion of this amount, since it is already a year past due.

On 7 August, the government issued Monetary Board Resolution 52, which offers resources to companies and banks for conversion into capital at such time as they reach agreements for restructuring those debts.

Subsequently, on 28 August, the government declared additional measures which met most of the objections raised by the Bankers Association and the Industrialists Association. These resolutions have established ways of facilitating the participation of interested parties in this process.

The Bankers "Pool"

According to reports received by this newspaper yesterday, the major local banks have agreed to reschedule these debts jointly, thus attempting to give added flexibility and security to the process.

Each bank will draw up an inventory of its debtors and submit a list of the 50 companies it considers viable, that is, those that could be granted additional loans and extensions on repayment.

It is acknowledged that a particular company might appear on several lists, so the bankers have agreed to study each company's situation separately.

This means that every company that is heavily in debt will have its own consultants group--or creditors committee, or bankers union, or whatever one wishes to call it. Logically, the largest creditor will have the best information about the company involved and will act as leader of the group.

The Bankers Association (ASOBANCARIA) will coordinate and monitor the various operations.

The program to be implemented is similar to one presently operating with Latin American countries that are restructuring their debts. Colombia, for instance, has a consultants committee composed of 14 banks and headed by the Chemical Bank, of the United States, which is the institution to which it owes the largest debt. This group analyzes only our case and decides what should be done about Colombia's debt, a decision that should be shared by the rest of the creditors.

Consensus

Financial sources consulted by EL ESPECTADOR claim a consensus already exists among the banking system that the latest measures issued by the government should be put into practice.

Initially, these same people had voiced objections to the resolutions and warned that the banks would become large holders of stock in the debtor companies.

A Monetary Board resolution issued last week acknowledged that the agreement need not unite all of the creditors, and that this was barely feasible with banks, financial institutions and commercial lenders.

The bankers said they believed that now that this step has been taken, "the problems of many sectors of the economy will be straightened out with the Monetary Board's new measures."

The plan has also been termed a means of salvaging the nation's economic system.

Resolution 52

Resolution 52, the implementation of which will be agreed by the banking pool, states that the Banco de la Republica will grant loans to banks, financial corporations and commerical lending companies in two cases. First, if they capitalize, the credit will amount to 20 percent of the capitalized debt, to be repaid at low interest rates within a maximum of 12 years.

Secondly, if credits are refinanced, the percentage of the loan will depend upon the rate of interest worked out in agreements with the companies, provided the term of repayment be not longer than 5 years, 2 of which would be considered grace years.

As a requisite, the government has mandated that financial middlemen earmark any profits obtained under agreements with companies not covered by this resolution to provide reserves for portfolio and investments and to increase their capital before December 1988, in amounts commensurate with the credits received.

Yields Not Paid

While the bankers stated their intention of joining the refinancing plan, they voiced their disapproval of the fact that the official entities in which they are required to invest do not pay interest rates commensurate with their earnings.

At the present time, the entire national banking system has $84.975 billion in funds frozen at the disposal of the government. Mandatory investments must be made in new low-income housing bonds yielding 20 percent, Class B housing bonds at 12 percent, agrarian bonds at 4 percent, national internal debt bonds at 8 percent, Central Mortgage Bank certificates at 18 percent and agricultural incentive certificates yielding 15 percent.

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UNEMPLOYMENT RATE RISING FASTER IN BOGOTA THAN OTHER CITIES

Bogota EL SIGLO in Spanish 5 Sep 85 p 10

[Article by Arturo Menendez Vall-Serra]

[Text] Faced with a growing number of unemployed workers and steadily declining income due to increases in prices for basic family marketbasket items, the new Labor and Social Security minister, Jorge Carrillo, took office.

The effort to step up the creation of new jobs to absorb the growing pool of available manpower is not solely the responsibility of the labor Ministry--marked by serious social conflicts in this country. It also belongs to the economic team as a whole, which is responsible for spurring the development of new jobs, and to the private sector--presently the only sector that could actually expand the number of employed, given the solution of certain problems of a legal nature.

Due to the fiscal crisis, the national government--formerly the most important source of work which alleviated unemployment to some degree--has exhausted all possibilities for establishing new positions. This makes it necessary to seek other alternatives that will guarantee a massive increase in job opportunities within a relatively short time.

Recent figures released by the National Statistics Administration on employment and unemployment in the nation's four largest cities, comprising 42 percent of the urban population, show a steady growth in the economically active population as against slow growth in the number of available jobs.

For example, during the last 6 months, for every 100 new job seekers, only 29 found employment, while the remaining 71 entered the growing ranks of the unemployed.

Undeniably, there has been a modest response to the need to absorb the growing working-age population into the labor force. However, it is also obvious that this effort has fallen far short of the need.

Over a 2-year period, from June 1983 to June 1985, 306,070 new jobs were created in the nation's four largest cities.

At the same time, 152,218 people--in addition to those already unemployed as of June 1983--failed to find jobs. The number of unemployed totaled 541,608 by the end of June 1985.

Initial caluclations based on data from 4 cities--Bogota, Cali, Medellin and Barranquilla--show a total of 1.25 million unemployed in the nation's capital municipalities.

For example, during the past 6 months, in Bogota, the city most affected by unemployment, there were three new unemployed workers for every one holding a job.

In fact, the number of jobholders rose by only 4,918, versus an increase of 18,503 in the number of unemployed.

If the last 6-month period did not appear promising for creation of new jobs, except in Medellin, the months immediately preceding it were no better.

During the past few years, Bogota increased its available number of jobs by 162,911, while the number of unemployed grew by 100,547; in Cali, 103,060 new positions were created, while the number of its unemployed during the same period rose by 35,248; Barranquilla provided almost as many additional jobs as it had new unemployed workers, with 29,423 new jobs and 20,082 additional persons seeking employment.

CPI and the Work Force

The rise in the consumer price index has necessarily had a marked effect on the growth of the economically active population.

The decline in family income, due to price increases for food and public services and to a policy oriented toward restricting consumer buying power, has forced additional members of the nuclear family to seek ways to add to the family's income and maintain its members' purchasing power, at least modestly.

When an economy suffers a period of sustained inflation, rising unemployment can be expected as a result. This is because the number of job openings--even during periods not marked by few new employment possibilities--is smaller than the increased numbers of the economically active population who are trying to maintain their real income.

A somewhat exaggerated example serves to illustrate the aforementioned assertion. To support 10 people in a typical household, 5 people work to earn a certain income that will meet their basic needs. With a 20 percent inflation rate, now 6 people rather than 5 must work to maintain the same income and meet the needs of those 10 persons. And like that sixth person, many new people are now seeking jobs. Given the recessionary situation affecting the generation of new positions, only a very small number of them find employment.

Some Solutions

Although it is also a matter of concern to professionals and technical workers, unemployment affects the lowest-income and least-educated groups in particular. Because of this, the cities are virtually inundated with all sorts of legal and illegal activities by which the people are seeking some means of subsistence.

Creating jobs nowadays is not only costly to the industrial, service and governmental sectors, but it presents longstanding problems that, according to company executives, limit the possibilities for expanding the number of positions.

However, emergency legislation to modify hiring conditions could help to solve part of the problem, at least temporarily, until the economy stabilizes.

Requring fare collectors on city buses--an area in which unemployed workers have constituted a significant breeding-ground for street protests and bus burnings; requiring 24 hour-a-day elevator operators who could offer greater security to apartment dwellers and office workers; measures such as these would not solve the unemployment problem, but they could help alleviate it and would provide a solution for the thousands of people--for we must recognize that there are that many--who are desperately seeking some form of subsistence, legal or illegal, due to the lack of job opportunities.

There are other possibilities like the ones mentioned above, such as employing special hiring procedures to provide cleaning and sanitation in cities where the official agencies in charge are incapable of doing the job. These kinds of solutions would give temporary relief to the families of the unemployed in a social emergency such as the one we face at present.

8631/12948
CSO: 3348/954

MANUFACTURED METAL PRODUCTS IMPORT SUBSTITUTION URGED

Bogota EL SIGLO in Spanish 31 Aug 85 p 12

[Text] The metal products manufacturing industry has a long way to go before it can replace imported metal products now on the market. Nearly 40 percent of importations into Colombia are of manufactured metal products, among them consumer durables, capital goods and various replacement parts and components.

This nation imported $2.069 billion worth of manufactured metal products in 1983 and $1.362 billion worth in 1984.

In a period of heavy foreign exchange restrictions and high indices of plant idleness--and given the available supply of domestic and imported steel--it is imperative that steel-using industries commit themselves to manufacturing a greater share of the total national production. Thus, the goal should be to produce domestically part of the consumer and capital goods, parts and components the nation has been importing.

Is the national industry aware that from January to April, 1985 this nation imported $399.5 million worth of manufactured metal goods?

Note the distribution of those imports:

January-April 1985	Millions of Dollars
Boilers, engines, appliances and mechanical equipment	180.5
Automobiles, tractors, mopeds and other land vehicles	107.3
Electrical and electronic machinery and equipment	57.9
River and ocean navigation	10.8

January-April 1985	Millions of Dollars
Aviation	8.8
Photographic, cinematographic, optical, medical and precision instruments and apparatus	26.3
Tools and cutlery	4.3
Railroad cars and equipment	0.9
Products manufactured from various common metals	2.7
Total	$399.5 million

The national industry should aim toward a gradual substitution of domestically-manufactured goods for these imported products. If it could replace just 20 percent of these imports with domestic goods, Colombia would save $250 million a year in foreign exchange and produce a corresponding amount of total assets. This would translate into additional jobs, resulting in greater total demand, a factor that is basic to a nation's economic and social wellbeing.

8631/12948
CSO: 3348/954

PCC CONGRESS, CITY SERVICES DISCUSSED AT HAVANA PARTY ASSEMBLY

Havana BOHEMIA in Spanish No 41, 11 Oct 85 pp 45-47

[Article by Ilse Bulit]

[Excerpts] It was a veritable shower of questions and answers between Fidel and the communists participating in that continuous give-and-take between the commander in chief and his people. Through this dialogue, the questioner adds to his information and updates his own file, while the person questioned learns the art of Fidel's dialectical, logical method, that direct approach to problems, that cornering of subjective factors distilled from objectives, along with the frank and optimistic way of speaking of the Cuban once a rebel, now an internationalist.

Thus it was that the 11-hour-long party assembly in Havana City Province transpired, in a fraternal atmosphere, with the acuteness of criticism and self-criticism crowned by an organized analysis of the most burning issues of the metropolis.

Jorge Lezcano, confirmed as first secretary of the party in Havana City Province, headed the discussion of the Central Report in which Fidel spoke at the most timely moment. The experience gained from these years of militant life surfaced in the organizational quality. The discussion revolved around three points which without a doubt summed up the fundamental concerns of this city of over 2 million inhabitants, where the most important party, government and state organizations are located:

1) party work in terms of economic efficiency, within the framework of the economic war of all the people;

2) party work in terms of the quality of services; and

3) the political and ideological work of the party and its influence on our society.

Lezcano expressed the desire of everyone. Speeches dealt with those aspects of concern to everyone.

He emphasized that it cannot be denied that despite economic limitations, our party and government are allocating substantial resources to meet the most vital needs of the people and that, in the case of services in general, the subjective element is connected with inefficiencies. Concerning ideological aspects, he asked for a more thorough analysis of the obstacles of excessive bureaucracy and routine, which we must combat.

Various important issues were debated, in addition to those approved without any need for special observations. Among them were:

the drafting of efficient, rational projects taking the national geography into account;

stabilization of the collection of scrap metal, to save on imports;

continuation of the installation of hydrometers and water collection, a measure more educational than economic aimed at increasing awareness of conservation; the need to move forward with the necessary infrastructure, ranging from the stabilization of spare parts to better organization of the work of inspection and collection in the domestic sector; special attention to national enterprises, which, along with public services, are the ones that waste the most;

shortening the repair time of ships at our shipyards;

expansion of the establishment of complete teams, inasmuch as there are definite examples of their success, based on the combination of individual interest with the social interest in this province, where there is a shortage of labor;

priority to construction of the El Gato water main, which will supply water to future industrial facilities;

total government and party understanding of the interrelationship of scientific research with its practical execution in the field of production and services to the public;

better quality in the educational process, since suitable conditions have been created in recent years;

the struggle to ensure stability of cadres in commerce, the food industry and services; and

conclusion of the reorganization of the artistic sector, which will only improve the artistic and cultural quality of what is offered to the people.

After the election of the provincial committee, the Executive Bureau and delegates to the Third Congress, Fidel expressed his conclusions.

The commander in chief emphasized that "it would not be incorrect to say that throughout this process, nationally and especially in Havana City Province, there has prevailed an optimistic spirit, enthusiasm and a certain satisfaction based on the facts."

He observed that there are objective successes that can be seen, but that we are also aware of deficiencies. "This Central Report does not in the slightest conceal any deficiencies we have. I believe that we must be optimistic, not only because of the successes, but because we are very aware of any failings that remain and know that we are not going to rest on our laurels."

Fidel said that "this assembly and assemblies throughout the republic have reflected the effort being made by our country in all fields, the effort in the search for economic efficiency and defense, which are the basic pillars. One can see the application of the policy agreed upon by party leaders at the end of last year, for the purpose of increasing efficiency and optimizing our efforts. One must say that the central organizations have worked intensely. The Central Group, formed at the end of last year in order to redraft this year's plan, the 5-year plan and the prospective plan and which has been working throughout 1985 under the direction of comrade Osmany Cienfuegos, has made an enormous effort and the central organizations have made an enormous effort as well."

In his speech, Fidel also emphasized that the support of the masses and, above all, the support of the party has been a fundamental factor. He observed that in all assemblies throughout the country, one could observe greater awareness of all party members of economic problems and the need to conserve human and material resources and seek efficiency in all production and services.

He then said: "We must not only try to resolve existing problems, but in addition, we must never lose sight of the future. I believe that never before, in the midst of a great world crisis, has the revolution made such a rational effort as the one it is now making, such as the one we can continue to make in future years, with all of our experience and with tremendous organization and strength."

He said that this greater effort being made by the country has been reflected in the assemblies, creating excellent conditions for the congress, which will be a great congress.

"Our congress is not, in a manner of speaking, yet to be held, but has, rather, been in process ever since the rank and file--at every meeting of the cells, municipalities and provinces--began preparing for it. What we shall have in the end is the culmination of a long process.

"The congress does not take place in 4 or 5 days; it is taking place now and doing very well indeed."

"I have been very impressed by the assembly. With the new method, the new style, little time is wasted and debate goes on. Naturally, the issues analyzed here, that could be analyzed here, would require 3 days."

"We shall not believe -- far from it -- that we have analyzed all the problems. We have seen some that have served to demonstrate the progress and future effort we must make in order to continue to improve upon our work. A revolution is a project that must be constantly perfected."

Fidel explained that we now face problems not even dreamed of at the beginning of the revolution. "They are new problems, the results of our own development and that path is infinite. It is a continuous march."

He said that the speeches at the assembly were very good, and not only those by delegates. He emphasized that the speeches by guests in particular were very good.

"The dozens of questions I asked have received specific answers and when some comrade could not give an answer, it was given by another and when, for example, the comrade from the Glass Combine could not tell me the exact number of workers involved in production at that factory, comrade Marcos Portal immediately said how many workers were involved in production and had all the information, the complete brigades. I could give the example of several comrades here who have given excellent answers and have shown complete mastery of the topic."

In conclusion, he said that "this assembly and this process, culminating in this party assembly in Havana City Province, are the best process and the best assembly that I have seen to date. I congratulate you all very sincerely and share with you your joy and optimism."

11,464
CSO: 3248/87

CADRE CONCERNS, OTHER ISSUES SUBJECT OF GUANTANAMO PARTY MEETING

Havana BOHEMIA in Spanish No 41, 11 Oct 85 pp 47-48

[Text] Guantanamo also held its assembly, presided over by Raul, who, along with a working team from the Central Committee, had visited the province.

Just as at the other assemblies already reported upon, delegates fulfilled their rights and duties as members in an effort to transform conditions in a positive manner.

Feliciano Hernandez, Jose R. Capetillo, Aquiles Machado, Vicente Ribeaux, Elba Leyva, Anelio Sierra, Emigdio Leon, Juan Elizastegui and Maria Catalina Leyva took up the question of the age of cadres, the need to give more attention to the training of replacements, to promote more women to leadership posts and to ensure the continued service of professional and technical cadres beyond their mere "social service" so as to provide stability. Also mentioned was the need to improve the living conditions of cadres in municipalities so that the latter will not be tempted to move to the capital of the province, or of other provinces,or of the nation.

The assembly resolved to make the Ministry of Higher Education aware of the need for constructive development of the university branch in Guantanamo so that the latter might face the limitations of our scientific and technical development, particularly in the agricultural sector, and so that the territory might better be able to meet its specific needs more effectively.

The speeches delivered made it clear that the territory would be defended to the very last man or woman. Nevertheless, an appeal was made to improve the role of members in units of the MTT [Territorial Troops Militia] and defense areas.

Jorge Risquet Valdes, member of the Politburo, drew the conclusions, referring to the tour made by Raul with the working team from the Central Committee and noting that such tours have enabled the country's high leaders to make direct contact with the masses. He added that this group of comrades joyfully participated in the official opening of new projects demonstrating the nation and province's effort to accelerate the forward progress of Guantanamo, given its comparative backwardness with other provinces.

After a favorable thorough analysis of the Central Report and the 223 work objectives contained in it, Risquet said that it was a complex and difficult plan that "you have imposed upon yourselves as a goal to be achieved, but one that is in keeping with the effort required to transform the province based on two major natural obstacles: dryness and salinity, and one negative fact of an economic and social nature: the exodus of the people from the mountains."

Finally, he stated that the readier we are to defend ourselves, the more the enemy will have to think and that if the latter should launch an ill-conceived, senseless attack on our land, "these heroic lands will once again burn under the feet of the invaders, turning into a tomb for the Yankee soldiers, and the communists of Guantanamo, leading all the people, will fight with heroism and intelligence until victory."

The delegates confirmed Raul Michel Vargas as first secretary.

11,464
CSO: 3248/87

WINTER CANE PLANTING BEHIND SCHEDULE, 'WORRISOME'

Havana BOHEMIA in Spanish No 43, 25 Oct 85 p 57

[Article by Raul Lazo]

[Excerpts] By mid October, only 55 percent of the total winter cane planting schedule had been completed on the national level. The provinces furthest ahead are Guantanamo, with 89 percent, Santiago de Cuba, with 84 percent, and Pinar del Rio, with 80 percent.

Seven provinces, led by Sancti Spiritus with the extremely poor score of 39 percent, are still below the national average with their winter planting. Matanzas and Granma show an anemic 40 percent, followed by Ciego de Avila, with 45 percent, and Villa Clara, with 47 percent.

A total of 76 percent of the new cane has been fertilized as scheduled, with nearly 5,038 caballerias [1 caballeria = 33.2 acres] left to go. Guantanamo, with 45 percent, Holguin, with 59 percent, and Camaguey, with 65 percent, are the territories with the most work to do in this area.

Some 81 percent of the spring crops have been cleared of weeds, equal to a total of 12,000 caballerias. Six provinces are below this average, including Guantanamo (60 percent), Las Tunas (64 percent) and Santiago (67 percent), which show the worst results.

Some 84 percent of the winter crops have been weeded, with most of the work left to be done in the provinces of Las Tunas(61 percent), Santiago de Cuba(77 percent) and Guantanamo (75 percent). Cleared areas total 4,386 caballerias and those still in the process 827, or 16 percent. Light weeds covered 742 caballerias and light-to-heavy 77. Only Las Tunas and Granma had heavy weeds, although not in significant quantities.

By the end of September, 95 percent of the land was being cultivated, with 582 caballerias left to rotate, with about 70 percent of that area in the farm sector.

According to the decennial report from the Ministry of the Sugar Industry on basic agricultural activities, the causes of delays in areas to be rotated are: wetness in Villa Clara, Matanzas, Granma and Camaguey; failure by the farm sector to do the work in Matanzas and Camaguey; and areas involved in local consumption in Havana.

In this general picture of work to be done in the current phase of the cane crop, the low rate of completion of only 55 percent recorded by the winter planting is of extreme concern.

For one reason or another, in recent years, our sugar mills have not always had the necessary quantity of cane which would permit, and at the same time demand, maximum use of their installed capacity.

Not one hectare less than what is scheduled can fail to be planted, even if the cane is not milled in the next season. We cannot set up a strategy of work thinking that what we put off now we can make up tomorrow. Especially in agriculture, such hopes are almost always drowned by the rain, buried in mud or baked by drought. Going strictly by the schedule for each phase is the only way to ensure the volume of cane enabling us to have better and more profitable harvests. All the material, technical, organizational and mobilizational conditions must be marshaled so as to ensure the successful conclusion of planting each season of the year, whether it be spring or winter.

11,464
CSO: 3248/87

MEXICO

SOME PRI FIGURES URGE LIMITS ON FOREIGN DEBT PAYMENT

Export-Linked Payments Recommended

Mexico City EXCELSIOR in Spanish 5 Nov 85 pp 4-A, 32-A

[Excerpt] Yesterday, Senator Celso H. Delgado confirmed that the Institutional Revolutionary Party [PRI] is in favor of "establishing a ceiling" for the payment of interest on the foreign debt, based on "a percentage of the income originating from exports of goods and services."

He acknowledged that this notion is expressly included in Article 49 of his party's Declaration of Principles, approved at the 12th Assembly, adding that it is a commitment on the part of those who signed these premises to see to it that all the terms thereof are fulfilled.

The aforementioned article notes that the restructuring of the debt should be arrived at "on the basis of setting a ceiling for payment of interest and principal, expressed as a percentage of the income originating from exports of goods and services; so as not to limit priority imports for national development, nor to exceed the capacity for payment."

The senator from Nayarit admitted that this statement, in fact, deserved the approval of PRI leaders all over the country, and that, at the present time, the means for implementing it are being sought; because a declaration of principles represents "the premises which are the loftier mainstays that any political organization has."

He explained that the ones responsible for seeking fulfillment of the principles with regard to the foreign debt are the Mexican negotiators dealing with our creditors; in other words, the financial cabinet and, specifically, the secretary of finance. He added that the declaration of principles must at all times be the guide in the negotiations.

He emphasized: "The principles are what activate us, and we must gear our action toward them."

Call for Moratorium

Mexico City EXCELSIOR in Spanish 9 Nov 85 pp 4-A, 29-A, 30-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] PRI Calls for Moratorium In Quintana Roo

Yesterday in Chetumal, the PRI leader in Quintana Roo, Carlos Cardin, stated: "Mexico should declare a moratorium on the foreign debt interest for at least 2 years, so that the money saved may help to back reconstruction. The money collected to date does not represent even 20 percent of the total that will be required to repair what was damaged by the earthquakes," reports correspondent Raymundo Martin.

Cardin also noted that, in fact, "The national reconstruction must be reckoned in dollars because, for example, the expensive medical equipment and other projects must be paid for in that foreign currency." The PRI leader in Quintana Roo claimed, furthermore, that Mexico has been suffering from serious commercial blockades on the part of the United States. He cited the examples of coffee and sugar, because campaigns are being conducted in that country against consuming them, and to replace them with tea and honey.

Opposition From IEPES Head

Mexico City EXCELSIOR in Spanish 12 Nov 85 pp 4-A, 21-A, 38-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] Intolerable Not to Pay the Debt

The director of the IEPES [Institute for Political, Economic and Social Studies of the PRI National Executive Committee], Angel Aceves Saucedo, remarked: "The spurious option of declaring a suspension of payments in a unilateral, voluntary manner, which would entail real costs and risks that would invalidate the advantages of adopting it, is intolerable."

He noted that the importance of the debt stems from what is done or not done in this regard: "It will determine to a large extent the future of the nations and of the relations between them, and the possibilities for a new international order."

Moratorium Called Destabilizing

Mexico City EXCELSIOR in Spanish 14 Nov 85 pp 4-A, 24-A, 28-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] No Moratorium: Puebla PRI

Yesterday, the PRI leader in Puebla, Guillermo Pacheco Pulido, commented that the moratorium on the payment of the foreign debt proposed by certain leftist political parties "is a deleterious, destabilizing idea."

He said: "It is the current regime's policy to deal with national problems on the basis of popular consensus and backing of the majority which, at the present time, is in favor of seriousness in the commercial operations that Mexico has contracted with other countries; and never on behalf of positions tending to destabilize the country's economic and financial structures."

He considered negotiations essential, noting that there is a distinction between saying "I will not pay" and "I lack the means for paying you," the latter situation being the one that Mexico is experiencing. Pacheco explained: "We are in a moratorium in that we have not paid a debt nor its moratory interest; but there is a great deal of difference between that and the political moratorium which some wish to inject into the economic viewpoint."

2909
CSO: 3248/98

PSD LEADER ON SHRINKING POLITICAL SPACE

San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 2 Nov 85 pp 1C, 3C

[Interview with Dr Luis Rivas Leiva, secretary general of the Nicaraguan Social Democratic Party, by Pedro J. Chamorro B.; date and place not given]

[Text] The secretary general of the Nicaraguan Social Democractic Party, Dr Luis Rivas Leiva, granted the following exclusive interview to NICARAGUA HOY shortly before leaving for South America, where he will meet with the foreign ministers of the so-called "Contadora support group."

[Question] For 3 years, while the dictatorship has become more repressive, you and other opposition political leaders have maintained that the political space in Nicaragua is becoming narrower. In view of the recent repressive measures adopted by the Sandinist military dictatorship, what further measures does the government need to take before you and other leaders come to the conclusion that the political space has finally disappeared?

[Answer] Certainly, the political space in Nicaragua is obviously being reduced daily, giving the impression that the Sandinist Front much prefers military confrontation to the negotiated solution we proposed.

Our organizations are subjected daily to systematic repression and almost unbearable coercion. It is very difficult to develop any civic activity under those conditions.

Political pluralism is sustained by freedom to organize, assemble and communicate, and all these freedoms have been trampled upon by the Sandinist Front, a humiliation which has been legalized by the promulgation of the recent State of Emergency.

In spite of this, however, those of us who have faith in our struggle are convinced that we must make heroic efforts to try to broaden the tiny crack of political space which the Sandinist Front cannot close, due to international vigilance and the need to project a certain image which is very necessary to the achievement of its other objectives.

Our mere presence in Nicaragua constitutes, in itself, a stimulus for our people, a hope for the democrats, and it is the voice of a nation that has been forced to remain silent.

In spite of everything, if we fail in our attempt, and our efforts do not have the results we hope for, we have contemplated the possibility of closing our organization and dedicating ourselves, inside Nicaragua, to private activities to provide a living for ourselves.

[Question] Contadora has been the object of considerable praise, but its critics have also been plentiful. In your opinion, if Contadora has been successful, what is the success that justifies the praise, and if it has failed, why do you believe it has failed, and what comes after the mediation process?

[Answer] Contadora played an important role in its time; it was a hope for those of us who believe in political solutions within the framework of the patriotic struggle. That is why the internal opposition in Nicaragua supported it, in spite of knowing its great limitations--a product, in part, of contradictions among the members themselves and, in part, of the lack of coercive mechanisms inherent in its own makeup.

What Contadora really did is demonstrate that the Sandinist Front lacks the will to encourage a democratization process in Nicaragua, and that only with great reluctance will it give up its arms race and get rid of the thousands of military advisers who are in Nicaragua.

And after mediation? That is easy to see: the resurgence of the civil war, which with some luck could lead to a political settlement that the Sandinistas would be forced to accept, in spite of the fact that this would mean renunciation of their plans; however, it would give them the opportunity to remain in power.

[Question] What is the purpose of your upcoming meeting with the foreign ministers of the member countries of the so-called "Contadora support group?" What will you tell them?

[Answer] I will tell them of our support for Contadora, but let them see that the most important thing is the urgent need to democratize Nicaragua, as the only means to achieve peace in Central America. And that that peace can only be achieved through a national dialog among the Nicaraguan people, including, clearly, those who have taken up arms.

Another goals is to let them know, in no uncertain terms, the great limitations to which our political, business and trade union groups are subjected.

Also, to explain why Nicaraguan democrats did not participate in the Sandinist elections held on 4 November 1984 and the reasons why we feel that those elections were not democratic, free or honest; also, how the FSLN [Sandinist National Liberation Front] prevented a large sector of the Nicaraguan people from participating.

[Question] Why do you think the Sandinist military dictatorship adopted a series of new repressive decrees, knowing the political cost, on the international level, of such a move?

[Answer] I consider these repressive laws, which have no apparent justification, a tactical move. The Sandinist Front has now launched a big military offensive, and with a growing political front an a disconcerted nation, it cannot divert or fritter away its energies on those matters.

In addition, the Sandinist Front is not willing to sign the Contadora Act, and it needs to put up some artificial obstacles which will permit it to avoid a commitment.

Finally, it is the political blackmail inherent in the Sandinist mentality which is trying to seek an agreement with the Americans, and that is why Ortega desperately sought an appointment with Reagan at the United Nations.

[Question] You are the leader of a young party, a party whose ideology is social democratic. Worldwide social democracy, organized under the Socialist International, generally supports the Sandinist military dictatorship vehemently. Whether your party is social democratic, leftist of progressive--whatever you wish to call it--why, then does it oppose the Sandinist Front, thus deviating from the line adopted by the IS [Socialist International]?

[Answer] We conduct ourselves according to our own criterion and in accordance with the conditions peculiar to our nation, within the framework of social-democratic thought, and there are many parties which belong to the Socialist International which support our conduct.

When one speaks of the IS and of its policy of supporting the Sandinistas, one thinks of the entire conglomerate, but in reality there is a minority which wields the political and economic power of that institution.

Actually there are three trends of thought within the IS: one which disagrees completely with the Sandinistas; another which gives them critical support, and a third which, to satisfy its leftwingers, supports the Sandinistas regardless of the harm they are doing to our nation. After all, we are thousands of kilometers away, and besides, this is how they satisfy their mindless anti-Americanism.

To balance these three trends and strengthen the positions of the first two groups which operate within the IS, we in Central America have founded SODECA (Social Democrady of Central America), which is attempting to become the voice of reform in the Isthmus.

[Question] Finally, you are a physician by profession, but now you are a fulltime politican. Do you see yourself in the near future, wearing your white coat and with your stethoscope hanging around your neck, giving a speech from a platform in Managua street during a presidential campaign?

[Answer] That depends on several factors. I love the medical profession and I have a vocation to service, but I also love my country very much, and I know that today, more than ever, it needs the efforts and sacrifices of its people to save it from the threat of communism.

I believe that if we finally succeed in establishing the foundations for a democracy, we can have freedom with justice. Then once again will I, as you say, "hang the stethoscope around my neck" and enjoy the smiles of our children and the unbridled joy in the faces of the mothers.

I much prefer to cure illness and save lives than to mount a platform and give a speech.

8735/12951
CSO: 3248/83

'CENSORED' SPEECH BY JESUIT PRIEST PUBLISHED

San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 28 Sept 85 p 2C

[Text] A beautiful speech given on 14 September by Jesuit Fr Carlos Caballero on the occasion of the dedication of a library was censored by the Sandinist regime when he tried to publish it in LA PRENSA.

The library, which is near the "7 Sur" pharmacy in the Managua suburbs, was dedicated by the Conservative Party of Nicaragua on the aforementioned date and is named for the great Nicaraguan patriot, Dr Carlos Cuadra Pasos, father of poet Pablo Antonio Cuadra.

The censored speech was given by the Jesuit priest, Fr Carlos Caballero, a native of Spain and a naturalized Nicaraguan citizen, and in it he praised the character of Dr Cuadra Pasos, an eminent Nicaraguan historian and philosopher.

"It is not nostalgia which is dictating these words to me; it is devotion to and love for the master who taught me to love Nicaragua, the Nicaragua of the blue and white, which Don Carlos always hoped would be public square, library, school and market, where Nicaraguans might always converse with each other and be able to live side by side--a Nicaragua where no monologue is ever dictated, where there is never hunger, where the people are never suffocated, where nothing could ever be confiscated; a Nicaragua from which half its people would not flee because the free and abundant breezes, the constant stars and the beautiful ocean were lacking, as they are lacking now. Cuadra Pasos loved a single Nicaragua, but never a single party. He always wanted his homeland to be free, never fettered, forced and censored. He preferred a market place for private initiative rather than weapons and soldiers. He preferred dialog to multiplying committees of eyes and ears," Father Caballero said in his fine discourse, and he continued:

"Where dialog is lacking, said Cuadra Pasos, a vacuum is produced between the governing and the governed. And when this vacuum occurs, in any country, nation or fatherland; any Cuba, Chile, Union of South Africa, Angola, Russia or Nicaragua, one does not live; rather, one dies; one cannot breathe, one suffocates; one does not laugh, rather, one weeps; one does not advance, but rather retrogresses, because life itself has become a sin."

In another paragraph of his speech, Father Caballero asserted, "Today a totalitarian regime has turned its back on any capacity for dialog. Today a regime which is a copy of and sequel to that labeled 'iron curtain' by Churchill in 1946 has perverted the language with its 'double think' technique, which is the faculty of holding contradictory opinions simultaneously; thus this regime calls war, peace; lies, truth; torture, love; and hunger, abundance."

Father Caballero also mentioned the dialog of Martinez and Jerez; he recalled the fortunes of the priest Vijil, Walker's representative in Washington, who helped that freebooter, though "not necessarily with prophetic fasts," and asserted later that through dialog Nicaragua would again be a republic in those days. In closing his speech the Jesuit priest said, "It is a legacy, my friends, left to us by a Nicaraguan who was an expert in humanism and a patriot, who during the last days of his life said to us with the energy of his heart and his arm, that hate will not be found among his faults, thank God, because he never poisoned his heart against a single person, nor against any Nicaraguan group, not even in the bitter and ferocious hour of the struggle."

"And that man, who loved dialog, who was master of his soul and a believer, in the last of his public speeches asked of those who follow either standard, those from both sides, a prayer that God may enlighten all of us who still believe in a free, brotherly and Christian Nicaragua. Today, for us Nicaraguans, that hope and that belief are a sign and a promise to the fatherland, as we dedicate this library here in this Conservative Academy to Dr Carlos Cuadra Pasos."

8735/12951
CSO: 3249/83

LAWYERS ORGANIZATION FOUNDED IN MANAGUA, OTHER CITIES

Managua LA PRENSA in Spanish 16 Oct 85 p 7

[Article by Maximo Guillermo Alonso]

[Text] Leon--An important meeting of independent lawyers of this city took place on Friday, 11 October, at 2:30 pm at the Sergio Lacayo Dubon conference room at the INDE [Nicaraguan Institute of Development] chapter here. The meeting culminated in the organization of the Leon Bar Association, whose board of directors was elected in an atmosphere of real democracy in the presence of a delegation from the Managua Bar Association.

The opening speech was given by Dr Oscar Herdocia Lacayo, who called the session to order and then introduced Dr Alberto Saborio, delegate from Managua. Dr Saborio set forth the goals of the Nicaraguan Bar Association, of which all the departmental affiliates will be members. According to Dr Saborio, the Managua, Matagalpa, Esteli and Carazo Bar Associations have already been organized, and those of Masaya and Granada are in the process of being formed.

The delegation from the Managua Bar Association included Dr Alberto Saborio, Dr Roger Miranda and Dr Francisco Jose Aguado, who described the difficult situation of the legal profession, emphasizing that at the present time the authorities have little esteem for it.

The delegates agreed during the session to request a dialog with judges from the Supreme Court of Justice, along with those from the Appeals Court in Leon, to discuss the important problems they confront in the dispensing of justice, particularly with regard to cases which are pending, some of which have been awaiting decisions for 2 and even 3 years and still have not been settled.

After the meeting Dr Oscar Herdocia Lacayo told LA PRENSA that the chief purpose of the present Nicaraguan Bar Association is to establish respect for and free exercise of the legal profession and the dispensing of true justice, adding that he was pleased by the positive response of the lawyers in Leon.

The provisional board of directors of the Leon Bar Association is as follows: president, Dr Oscar Herdocia Lacayo; vice president, Dr Fresia Vanegas de Sampson; treasurer, Dr Jose Canales Palacios; secretary, Dr Jaime Mantilla Quintana, and spokesman, Denis Rueda Mendoza.

It was reported at the meeting that the bar association is preparing an important seminar to study in depth the present laws, some which violate the Fundamental Statute on the Rights and Guarantees of the Nicaraguan People, and it was also indicated that a serious study will be made of the new constitution so that the association may give its opinion therof.

8735/12948
CSO: 3248/81

STUDY SHOWS LACK OF EMPLOYMENT OPPORTUNITIES FOR WOMEN

Managua BARRICADA in Spanish 21 Oct 85 p 6

[Text] Why are so many women opting for the trade sector, rather than the production sector? What opportunities, really, are offered at present to women by the Revolution? How much does it cost to present a request for employment? What requirements are made of women for employment in any part of society?

These and other questions arise--many of them will remain without a clear answer--in a survey being made by the revolutionary government which throws some light on the therefore raises some concern with regard to the problems of the employment of women in Nicaragua.

The study demonstrated that most of the unemployed are women who, having little or no training, must be placed in low-paying jobs with the state or else swell the ranks of the informal sector.

On the other hand, training centers continue to believe that men are better suited to most jobs, and therefore the technical training courses are geared to train men.

Each time a new course opens, the National System for Professional Training (SINAFORP) solicits male workers to train as mechanics, electricians, carpenters, riveters, industrial supervisors and for other careers, where they might just as well choose women, or include in the study plans courses in kardex, administration, etc.

Some ministries have their own training centers. The Ministries of Construction, Health and Education are, to mention a few, among those which supervise the training of their own employees.

35 Applicants Per Day

The Labor Ministry, for example, has an applications office to which both the unemployed and prospective employers come.

An analysis of the activity of this office indicates that approximately 47 percent of the unemployed are placed in steady jobs in various branches of of the country's economic activity. An average 35 persons per day visit the MITRAB [Ministry of Labor] seeking placement. The ministry, in turn, contacts the enterprises for notices of vacancies.

Nevertheless, the average effectiveness of the office is low. Eduardo Rivas Rios, head of applications and placement, pointed out that the ministry does not have all the information about the labor force and its need. This, he added, is also affected by the lack of training of the jobseekers.

Workers who are laid off when a business is forced to close because of lack of raw materials or other circumstances are generally relocated through intermediation in the production sector.

Determine Labor Needs

In addition MITRAB is making a study, through its regional delegations, by which it hopes to open a file of vacancies existing nationwide and to organize the labor force.

The survey, although it is not finished, indicates that there are 71,142 employees of the central government and 1,857 vacancies, including 610 for technicians. The study has not yet been started in the private sector.

Enterprises in the National Properties Area have vacancies for 3,368 laborers and 460 administrative personnel.

In the autonomous agencies such as INSSBI, UNAN [National Autonomous University of Nicaragua] and the National Financial System, there are 23,358 employees and 1,743 vacancies, most of which must be filled by technicians and professionals. They need 647 workers, 358 general service workers, 288 in administrative personnel, 343 laborers and 107 in management positions.

Sergio Vasquez, head of the labor force study, said that this program "is broad enough and seeks to manage the labor force so that needs may be determined in accordance with the country's actual situation."

He added that historically the labor force has been scattered and uncontrolled, and that this contributes to the current disorganization.

He pointed out that the policy of freezing jobs is flexible and that it is the respective agency that determines whether or not this is needed.

The survey will end early next year, and recommendations will be made and information systematically transmitted on the basis of the results.

Direct Labor Force to Production

The labor force in the informal sector will also be estimated and this labor force will be directed toward production.

One of the problems facing the unemployed is the cost of looking for a job. The enterprises or agencies require photos, which cost nearly 400 cordobas, plus birth certificate, police ID and a letter from the former employer, and after all these expenditures, job-seekers must submit to a process of selection which may or may not land them a job.

The Ministry of Labor does not regulate these procedures, and it is each enterprise which determines the initial requirements for the potential employee.

The job-seekers are for the most part women with little training and scanty resources who find the requirements difficult to fulfill, and many of them prefer to enter the trade sector.

8735/12948
CSO: 3248/81

BRIEFS

HEALTH WORKERS QUIT--At least 1500 persons who were working in various jobs under the National Single Health System (SNUDS), have left their jobs in the last 30 months, it was charged yesterday by Gustavo Porras, secretary general of FETSALUD [Federation of Health Workers]. During an appearance before the National Assembly's Constitutional Commission the union leader said that in 1983 a total of 382 doctors, nurses and aides left SNUDS; in 1984 another 497 workers left, and a similar number of desertions was recorded during the first 6 months of this year. Porras emphasized the organization's concern about this situation and said that "it is extremely difficult" to define exactly the causes for these desertions. Many of them arise because of administrative problems--because of the attitudes of some officials--and other derive from the economic situation and the salary problem, he said. The union leader indicated that the great majority of the health workers in the country, especially those concerned with direct medical attention, have mixed work activities at the present time; that is, they work for SNUDS, but at the same time they also have jobs in the private sector. He added that of these, 70 percent are women who, because in almost all the cases they are mothers, have to support a large number of children, working the entire day and facing economic difficulties. Finally, Porras proposed to the Assembly that the Single Health System be raised to constitutional status, since it should regulate not only state medical activity, but also the private practice of medicine. [Text] [Managua BARRICADA in Spanish 8 Oct 85 p 1] 8735

/12951
CSO: 3248/83

REGIONAL SURVEY SHOWS GARCIA WITH 90 PERCENT PUBLIC SUPPORT

Lima CARETAS in Spanish 4 Nov 85 pp 12-15

[Text] They claim that the post-electoral honeymoon, that period of grace that is established between governors and governed immediately after an election, lasts 3 months, following which the ruthless decline begins. This Tuesday, the Aprista government will have spent 100 days in the government, and the drop-off has not yet started.

A poll taken by the Datum Agency in 11 capitals and major cities of the interior shows the young chief executive (who was animating crowds in Cusco over the weekend) at an average height of 90 percent approval for his administration (see front page); which would prove that the enthusiasm is at least not frozen.

To be sure, this figure relates to approval or disapproval of the president's administration, and has nothing to do with the chances of a new election. In 1980, Fernando Belaunde won with 48 percent, and in November he had 74 percent citizen support. Nevertheless, that same month Eduardo Orrego was elected Mayor of Lima with 38 percent less than FBT had attained a few months earlier.

Backing as extensive as Garcia is still receiving can only be explained by the expectations that he has managed to keep high amid a crisis of consequences as dramatic as has been proven by the implacable figures on whether those polled have experienced times when they lacked sufficient money to purchase the food that their families needed (see chart).

And it precisely on hunger that the president will speak during his forthcoming international testing in Rome, when he opens the 23d World Assembly of the FAO; an occasion that will give him a track for the long-distance race that he has undertaken in the nonaligned movement.

The same Datum poll proves that the backing is not merely for the orchestra director, but also for the whole group, represented by the head of the Council of Ministers, Luis Alva Castro, who received an average of 80 percent in the same 11 cities.

Although it is hesitant, some criticism slips out in the polls, for example, with regard to the degree of approval for the cancellation of the oil contracts which Trujillo and Chiclayo hail with delight, but which the Amazon cities view with suspicion, since they feel that they are the beneficiaries of oil operations.

But, apart from the understandable lack of confidence, the well-founded fact disclosed by the polls is that the idea that the present government will improve the country's economic situation is present among the majority. The skeptics are far fewer, and the pessimists, who think that it will make it worse, are virtually out of sight.

In response to the concrete question:"do you think that the current government will improve your situation within a year?"the majority thinks so: Trujillo, 57.5 percent; Chiclayo, 85 percent; Piura, 75.7 percent; Puno, 56.3 percent; Tacna, 69.1 percent; Arequipa, 63.7 percent; Huancayo, 75.9 percent; Chimbote, 82.7 percent; Pucalipa, 70.5 percent; and Iquitos, 73 percent. The only department in which the enthusiasm declines is Cusco, where those who don't know and don't answer are in the majority, constituting 52 percent. In any case, there are more skeptics than pessimists. Or could it be a result of the comment made by the president about the tax in favor of Cusco?

The point is that the chief executive, after opening hospital expansion facilities in Lima, left for the Imperial City, where he headed many demonstrations and delivered resounding speeches: "It is not a time for laments, but rather for work and action," he stated in the main square. "Tupac Amaru cannot be merely a rhetorical element for the agitation of demagoguery. Tupac Amaru must be a commitment to action, and we are engaged in it."

At a time when we are expecting official confirmation of the downgrading of our debt to a depreciated value, it is also interesting to comment on a new poll taken by Datum in Lima, concerning our position with respect to the IMF.

"Do you think that the president will keep his word, or will he be forced to submit to the fund's measures?" was the first question in a specific poll in Greater Lima, including Callao. A total of 79.1 percent trust that he will keep his word, 10.3 percent think that he will submit, and 10.6 percent have no opinion.

On the other hand, when the issue was brought up in the following question: "Do you think that Peru should continue to be affiliated with the IMF?" the following answers were received: "38.1 percent think it should, 55.1 percent think not and 6.8 percent don't know or don't answer.

As for the countries that would back Peru in its decision to leave the Fund, the majority trust in Argentina: 47.9 percent; while 36.9 percent believe in Brazil; 15.3 percent, in Venezuela; 12.5 percent, in Colombia; 12.3 percent, in Bolivia; and 10.6 percent, in Mexico. The lowest percentages are received by the nonaligned countries (0.3 percent) and the socialist countries (0.7 percent).

Such is the public image of the government, upon reaching the cryptic 100 days, wherein Alan Garcia's fast-paced style, combining leadership with the solution to immediate problems, opening fronts almost every day, in order to demonstrate his total autonomy, has managed to accumulate behind him the greatest citizens' support ever recalled in our history as a republic. His cabinet team has managed to keep apace with him, but for a few exceptions. The minister most remembered by the 2,311 persons polled is Luis Alva Castro, in 10 of the 11 cities polled. The exception is Tacna, where the one most remembered is Grover Pango, obviously from Tacna.

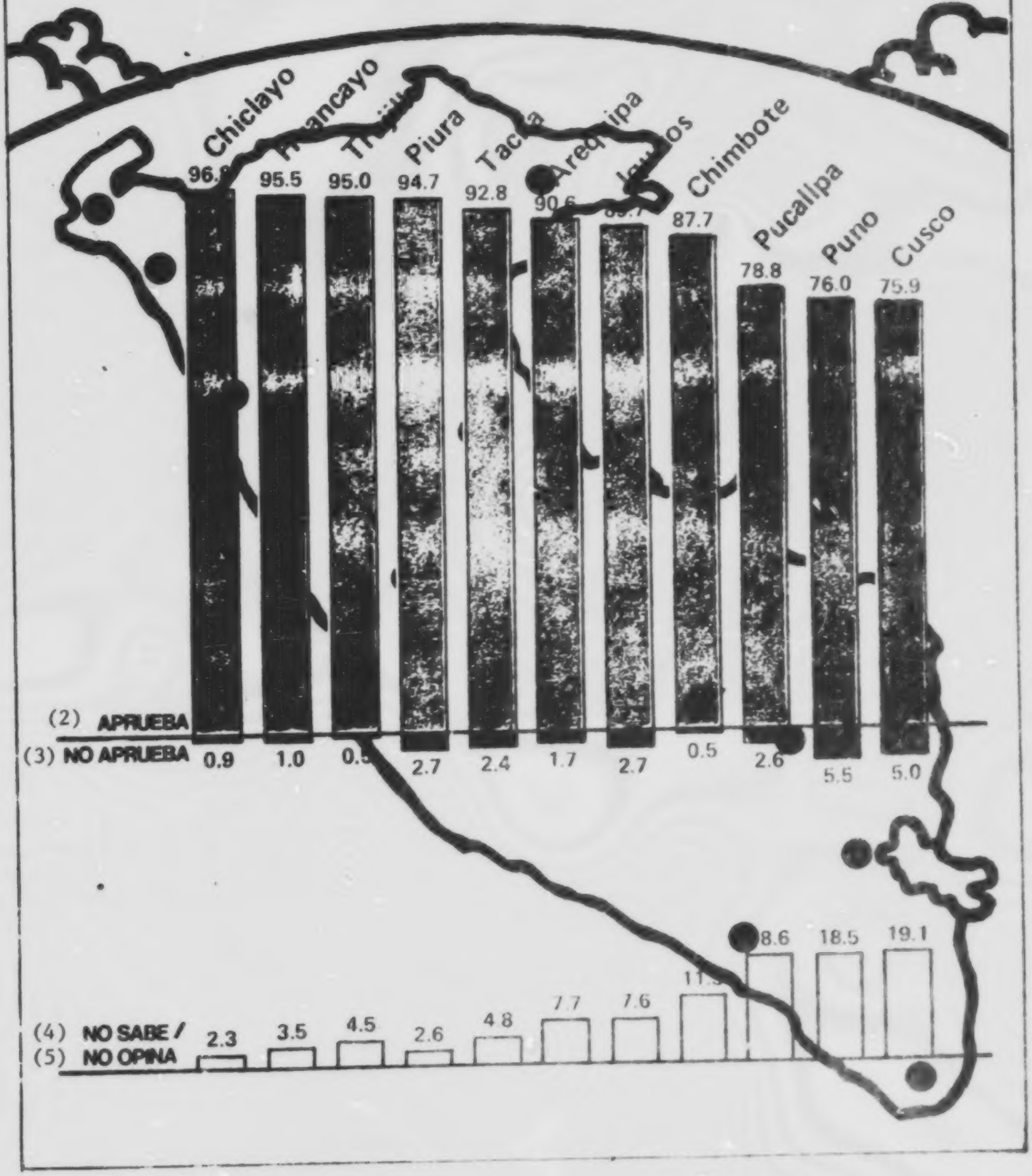
The difficulties are already being observed approaching; Alan Garcia has clearly noticed it. The path undertaken is not the most comfortable, but the one that has been left was not leading anywhere. This too carries its weight in the vote of confidence that the citizenry maintains with the government, despite the inconvenient freezes, the austerity imposed by the need to make careful use of our foreign currency and the discipline that it is being attempted to lend to a society used to more permissive systems of conduct.

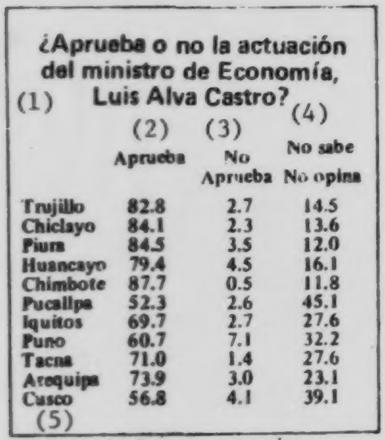
In any event, much progress has already been made on the new path, too much to warrant looking backward. But there is no need for looking into the abyss either. Not because of the reaction to a decision of the famous Inter-Agency Committee (which is actually the mere technical observation of a situation proclaimed in advance by AGP himself) should we make hasty decisions, as has been rumored recently, in such delicate areas as the international one or the energy one, in search of a greater confrontation in which we shall stand alone unless we accept unwanted, self-interested support, as revealed by the query on the countries in which there is the most trust.

Key to Chart 1:

1. Do you approve of the administration that Alan Garcia has been carrying out as president, or not?
2. Approve
3. Disapprove
4. Don't know
5. No opinion

¿APRUEBA O NO LA GESTION QUE VIENE DESARROLLANDO (1) ALAN GARCIA COMO PRESIDENTE?





¿Aprueba o no la actuación del ministro de Economía, Luis Alva Castro? (1)

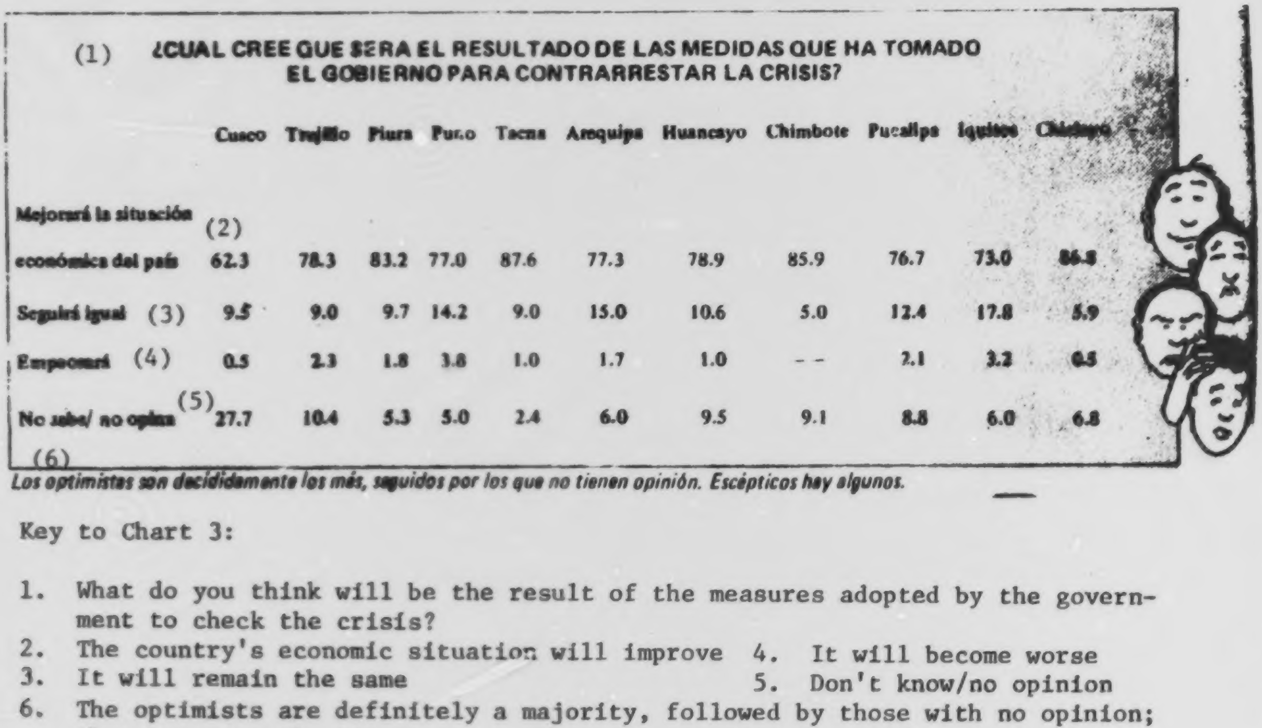
	Aprueba (2)	No Aprueba (3)	No sabe No opina (4)
Trujillo	82.8	2.7	14.5
Chiclayo	84.1	2.3	13.6
Piura	84.5	3.5	12.0
Huancayo	79.4	4.5	16.1
Chimbote	87.7	0.5	11.8
Pucallpa	52.3	2.6	45.1
Iquitos	69.7	2.7	27.6
Puno	60.7	7.1	32.2
Tacna	71.0	1.4	27.6
Arequipa	73.9	3.0	23.1
Cusco	56.8	4.1	39.1

(5)

LAC también tiene su corazoncito.

Key to Chart 2:

1. Do you approve or disapprove of the performance of the minister of economy, Luis Alva Castro?
2. Approve
3. Disapprove
4. Don't know/no opinion
5. LAC also has his little heart



(1) **¿CUAL CREE QUE SERA EL RESULTADO DE LAS MEDIDAS QUE HA TOMADO EL GOBIERNO PARA CONTRARRESTAR LA CRISIS?**

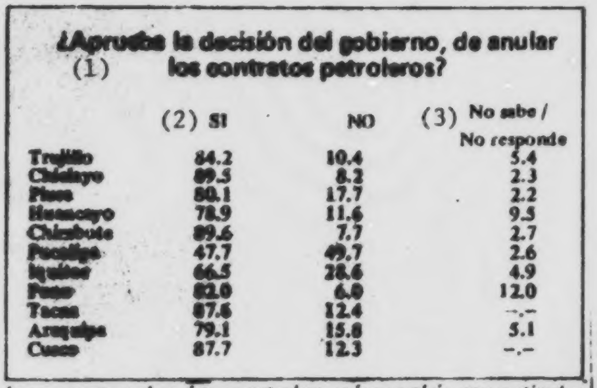
	Cusco	Trujillo	Piura	Puno	Tacna	Arequipa	Huancayo	Chimbote	Pucallpa	Iquitos	Chiclayo
Mejorará la situación económica del país (2)	62.3	78.3	83.2	77.0	87.6	77.3	78.9	85.9	76.7	73.0	86.8
Seguirá igual (3)	9.5	9.0	9.7	14.2	9.0	15.0	10.6	5.0	12.4	17.8	5.9
Empeorará (4)	0.5	2.3	1.8	3.8	1.0	1.7	1.0	- -	2.1	3.2	0.5
No sabe/ no opina (5)	27.7	10.4	5.3	5.0	2.4	6.0	9.5	9.1	8.8	6.0	6.8

(6)

Los optimistas son decididamente los más, seguidos por los que no tienen opinión. Escépticos hay algunos.

Key to Chart 3:

1. What do you think will be the result of the measures adopted by the government to check the crisis?
2. The country's economic situation will improve
3. It will remain the same
4. It will become worse
5. Don't know/no opinion
6. The optimists are definitely a majority, followed by those with no opinion; there are some skeptics.



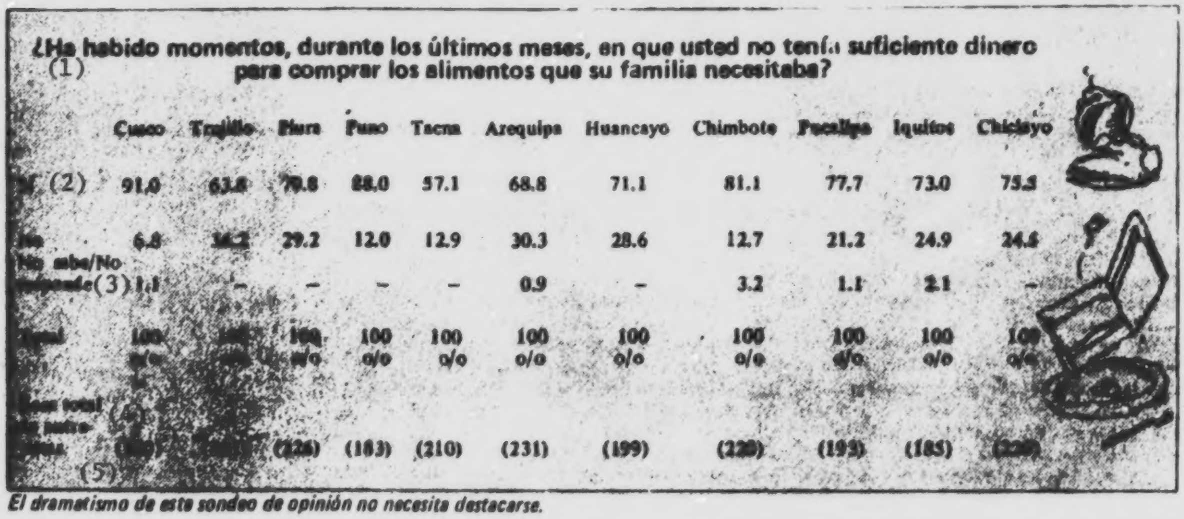
¿Aprueba la decisión del gobierno, de anular (1) los contratos petroleros?

	(2) SI	NO	(3) No sabe / No responde
Trujillo	84.2	10.4	5.4
Chiclayo	89.5	8.2	2.3
Piura	80.1	17.7	2.2
Huancayo	78.9	11.6	9.5
Chimbote	89.6	7.7	2.7
Pucallpa	47.7	49.7	2.6
Iquitos	66.5	28.6	4.9
Puno	82.0	6.0	12.0
Tacna	87.6	12.4	-.-
Arequipa	79.1	15.8	5.1
Cusco	87.7	12.3	-.-

(4) *Las respuestas sobre el tema petrolero, más complejo, son matizadas.*

Key to Chart 4:

1. Do you approve of the government's decision to cancel the oil contracts?
2. Yes
3. Don't know/no answer
4. The responses on the oil issue are more complex, with nuances.



¿Ha habido momentos, durante los últimos meses, en que usted no tenía suficiente dinero (1) para comprar los alimentos que su familia necesitaba?

	Cusco	Trujillo	Piura	Puno	Tacna	Arequipa	Huancayo	Chimbote	Pucallpa	Iquitos	Chiclayo
Si (2)	91.0	63.8	70.8	88.0	57.1	68.8	71.1	81.1	77.7	73.0	75.5
No	6.8	36.2	29.2	12.0	12.9	30.3	28.6	12.7	21.2	24.9	24.5
No sabe/No responde (3)	1.1	–	–	–	–	0.9	–	3.2	1.1	2.1	–
Total	100 o/o	[illegible]	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o
Base total (4) de entrevistas	[illegible]	[illegible]	(226)	(183)	(210)	(231)	(199)	(228)	(193)	(185)	[illegible]

(5) *El dramatismo de este sondeo de opinión no necesita destacarse.*

Key to Chart 5:

1. Have there been times during recent months when you lacked sufficient money to purchase the food that your family needed?
2. Yes
3. Don't know/no answer
4. Total base of interviews
5. The dramatic aspect of this opinion poll need not be underscored.

2909
CSO: 3348/197

RELATIONS WITH NEIGHBORS SHOULD HAVE HIGHEST PRIORITY

Lima CARETAS in Spanish 4 Nov 85 p 20

[Article by Manuel D'Ornellas: "Close or Open Doors?"]

[Text] There is a movement within Alan Garcia's government that would like to take advantage of the situation created by the American decision to declare Peru's foreign debt a "depreciated value" so as, on that basis, to force a radicalization of our foreign policy.

The first step in that direction would be the formal recognition of the communist regime in North Korea; the second, the appointment of an ambassador to Havana.

The first victim of this radicalization would be the opening toward our neighbors in search of a trilateral disarmament, started by Foreign Minister Allan Wagner Tizon. The ruling regimes in Ecuador and Chile would have a wonderful excuse to reverse themselves on this point, which is vital to Peru. We would gain friends in Pyongyang, and we would procure a benevolent smile from Fidel Castro, in exchange for losing the regained confidence of Quito and Santiago.

Hence, beyond ideological contamination, it is a matter of keeping a scale of priorities in effect: first, the neighbors; next, Latin America; third, the United States and the Soviet Union, the two superpowers; and the Third World. When these gradings are not upheld in the Ragle Tower, those around us become uneasy. This was what happened during the Velasco dictatorship, and what was shown graphically in the fiasco of the Ayacucho sesquicentennial meeting; a gathering which four South American presidents did not attend (in 1974).

The Foreign Ministry must, therefore, concentrate on concluding agreements for complementation and disarmament with Chile and Ecuador, before undertaking to open unnecessary fronts. A good relationship with our neighbors would also be the best means for positively confronting the American pressure that might be felt in the future; an endeavor to which the North Koreans or the Cubans would contributing little or nothing.

The decision to reduce the purchase of Mirage supersonic airplanes for the FAP [Peruvian Air Force] from the French firm Marcel Dessault, announced by

President Garcia on 28 July, makes sense, if it is accompanied by similar waivers on the part of Ecuadoreans and Chileans, releasing funds for development which are not committed to the nation's defense.

Therefore, a choice must be made: either we give priority to the trilateral disarmament offensive, or we subordinate it to the desire for radicalizing our foreign policy, creating new flanks in Asia and the Caribbean.

The coming weeks or days will disclose to us whether the first Aprista government in our history has a clearcut view of the national interest and the priorities of an international policy which will protect it, or whether it prefers to subject itself to futile schemes that will close more doors for us than it opens.

2909
CSO: 3348/197

PERU

PRINCIPLES OF APRA LONG-RANGE PLANS ANNOUNCED BY CONAPLAN

Lima CARETAS in Spanish 4 Nov 85 pp 23-26

[Interview with National Planning Commission head Javier Tantalean Arbulu, by Alberto Bonilla; date and location unspecified]

[Text] [Question] The government's opponents claim that it has no program, and that it operates based on reactions to problems. Is there an Aprista government plan?

[Answe] Of course; it is the Plan of Peru, devised by the government's National Planning Commission [CONAPLAN], which consists of six volumes. The first one relates to APRA's [American Popular Revolutionary Alliance] ideological and doctrinal bases. Next, there is an analysis of the type of country that it is incumbent on us to govern, the restrictions that we would encounter and, among them, those which would constitute the main challenges for the government during the period 1985-90. Another important section relates to the national plan, which is a document worked on by a team. Another pertains to the medium term plan, and still another, to the emergency plan.

[Question] What are the features of the national plan?

[Answer] The work was done considering a target period up to the year 2000. In the case of the medium term, it was from 1985 to 1990; and, in the case of emergency, the immediate measures in the event that the party should come to power. I don't think that any party worked with so much stringency; and I say this with knowledge of the situation. This set of documents, after several discussions which took place in the commission, constituted what was to become the Plan of Peru. We devised quantified scenarios up until the year 2000, of what might be the opportunities for growth in the economy, with such and such investment rates, and what the most dynamic sectors should be from the standpoint of growth. In short, we dealt with various possibilities, until we arrived at what we term a certain target image for the year 2000.

[Question] In fact, it is known that CONAPLAN worked for 3 years and produced the six volumes of "Let's Learn to Live With What Is Ours," but they were not published. They were kept, and there was a rumor that there had been corrections in style, which were being made, but which were never finished.

[Answer] A government plan for a campaign must be preeminently political. The fine breakdown is made once one has all the instruments of government. For example, when we arrived in the government, our priority from a sectorial standpoint was agriculture and food production. We found that the budget of the central government, the public institutions and the corporations was giving the agrarian sector 15 percent. So we made a reprogramming for 1986, and the figure rose to 35 percent. In other words, we started out by defining certain major problems of Peruvian society, the problem of social injustice, depicted by the president on the pyramid, and the problems of centralism, and the dichotomies or contradictions between Lima and the rest of the country. Understandably, the national objectives that we proposed for the long term had to be responses to these main problems.

[Question] W[illegible] are those main problems?

[Answer] Essentially, we had proposed five major development objectives: first, decentralization, microregionalization and the development of the national identity; second, achieving development, but with economic, social and political democracy, with freedom and respect for DDHH [human rights]; third, that this economic growth be combined with social justice; fourth, a constant search for national autonomy in decision-making; and fifth, the ecodevelopment of the vital systems, whether they be the jungle ecocystem, the high Andean, the coastal, etc. It is on the basis of these objectives that we have revised the medium term objectives. This is the method that has been pursued. In addition to the projections that we made of the Peruvian economy, we found that the present type of growth had reached a really dangerous limit. The great periods of expansion in the Peruvian economy have always coincided with a certain amount of improvement in international prices, or with some product going into action on the foreign market. Now, we are finding a view of the future in which, because of the type of our raw materials, a substantive improvement in prices is made difficult. The ingredient of economic growth from abroad is very relative.

[Question] So, what can be done?

[Answer] That has led us to a conclusion which may be summarized in the phrase, "learning to live and consume based on what is our own." The reality is showing this to us: Now that we have just been declared a depreciated value, we must start to rethink growth in terms of internal development, and of productive self-sufficiency. There is one chronic feature in all the expansion cycles that the economy has undergone: If the GDP increased 5 percent, it brought an import rate of 17 or 18 percent; which caused a deficit, and led us to an inflationary process and to devaluation, in order to fill the gap. In this respect, we must make an effort which we term one of productive restructuring. How can the opportunities for industrial development be linked with a development of other sectors, in a more integrated fashion? And this brings up another fundamental feature of this strategy, namely, achieving a more balanced development between the urban and rural areas. The entire model of industrialization that we have followed since the 1950's has definitely been essentially concentrated not only in Lima, but also in the accumulation in a modern sector at the cost of the rest of the other sectors' economic space. The state must ultimately be the entity regulating this entire redistribution process. The Microregional Development Fund, the Fund to Support the Peasant Communities announced by the president and the Mass Employment Fund are instruments which, in the long run, constitute means for redistribution on behalf of those situated in the more underprivileged sectors.

[Question] What is the projection for Peruvian society and economy that has been made for the end of the medium-term plan, in 1990?

[Answer] We have made several projections. But first, I would like to explain one thing: In economics, projections made using certain models are useful for helping to make decisions. The best projection groups (the World Bank, and IMF) no longer make projections extending over a year or two. Given the dynamics of the international economy, calling for projections would be completely unscientific. What we have done was to devise a few scenarios of possibilities for growth in the economy up to the year 2000. Any growth process in the domestic economy generated such a demand for dollars associated with goods from abroad that it created the notorious blocking that occurred in 1974. Putting investments in the most impoverished social groups, for example, particularly through small and medium-sized projects, does not divert large amounts of foreign exchange. The first thing was a very intense battle against inflation, which we are defeating. But the freeze has its risks. If a price control policy is not accompanied by an injection of investment opportunities, it could lead to a process of greater recession. The second package issued by the president is along this line, but I think that an even greater effort will have to be made. This is one of the things that the economic team has been studying, to intensify the reactivation process, so as to embark upon a phase of growth that will mean, simultaneously, a restructuring of what has been the traditional route for growth in the country.

[Question] Will the freeze last until 1990, or will it head toward a gradual thaw?

[Answer] We trust that, during a second phase, there will be progress toward a process of agreement in terms of policy on prices, investment, etc. This phase could be very near, if we note that inflation is continuing to decline. Heading toward an agreed on planning process is a constitutional mandate. The planning is compulsory for the state, but in the case of the non-public sector, we must select certain goods, such as food products, pharmaceutical products, ship-building industry, iron and steel industry, petrochemical industry, mass consumer goods on the low-income level, etc.

[Question] An agreement with the state's participation. Would it be a kind of economic congress?

[Answer] That's right. It is the pioneer step, toward what could prove to be a new agreed upon institutionality. The case involving the chickens was that sort of thing. The president called upon the agricultural business owners themselves, the large, medium and small-sized ones; and a price reduction was reached through a process of dialogue in which an analysis was made of profit rates, interest rates, etc. It was learned which taxes could be cut. This was a good example of what we wanted the constant practice of a state reaching agreement with the productive forces to be, for the terms of what would be a planning with a more extensive spirit.

[Question] Might that institutionalization of the agreement entail the submission of a plan aimed at creating the economic congress?

[Answer] I believe that this idea of Haya de la Torre, which has been shared by other individuals and other thinkers, will prove to be a reality. This entire group of dimensions comprising the financial, economic, productive and fiscal agreement will make up what would be a new institutionality within the state, making what Haya de la Torre proposed a reality. I believe that the necessary progressive steps are being taken.

[Question] What is the National Planning Institute's role in this proposal?

[Answer] This government definitely does not want to interpret planning as some suspect it to be: the production of documents which fill libraries. What we want is a planning system that is in contact with the real world, resolving current issues for the future, with a certain defined direction. What we want, and this is a political desire of the government, is to carry ahead the mass employment program, the food security program, the plan for the Andean Trapezoid and the program for the Emergency Zone.

[Question] One of the features to which attention is drawn in the government plan is the fact that it has been prepared for 20 years, whereas the government will last only 5 years....

[Answer] It would be rather unscientific for a party not to set forth an image of what it wants for the country over the long term, and what it can accomplish during its constitutional term to come closer to that desirable image. We have prepared ourselves to govern 5 years, but with a guide to discern that what we are doing over the medium term will help the construction of a society anticipated for the future. That is the scientific, serious, responsible and consistent thing to do, from the standpoint of what development planning means. The fact that the party has a long-term plan does not reflect a desire to remain in power without a limit. In that respect, we shall always submit to what democracy and its renovations stipulate.

[Question] What is the ultimate reason for not having published this plan?

[Answer] I believe that the plan has been published in various ways. In the first place, remember that there was a survey, a book from the Ebert Foundation, in which a group of questions very well prepared by a team of specialists were answered. Secondly, a summary was prepared, which was disseminated throughout the entire country. Thirdly, the president of the republic made several presentations on TV and at various functions, the CADE [Annual Conference of Business Executives], for example, at which he cited the major national goals and what the government proposed to do.

[Question] At a meeting on the subject of oil, the president admitted the need for foreign investment in exploration and operation. Nevertheless, it would appear that we are currently heading toward a breaking point with the three companies that are operating in the country.

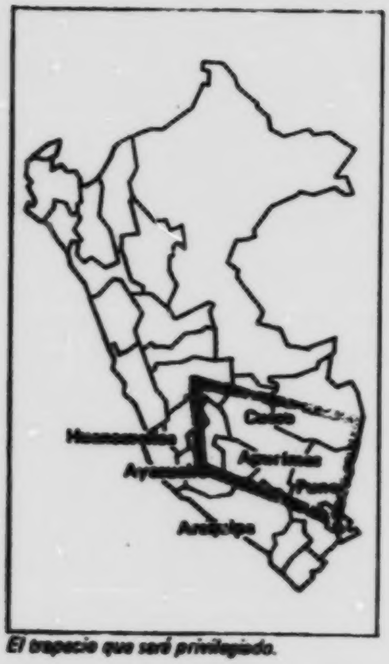
[Answer] But at that forum on oil, the president also said that foreign investment and technology were necessary for the development process; however, they would have to be geared to the country's own requirements. What is being negotiated is a set of conditions to make this investment in oil the most beneficial for the country. What we don't want is for foreign capital to impose certain rules upon us. We have given clearcut signs that we want to control the economic policy. Hence, the first thing that was done, during the 3 days, was to devise a set of economic measures for which we did not consult with the IMF or with any institution. We Peruvians are autonomous in making the decisions that we deem most feasible. Inflation is beingbeaten with an economic policy prepared on the basis of what we consider most suitable. I believe that the development program and the short-term policy are a problem for Peruvians. I think that when AGP was a candidate, he was very clear about this point. We need foreign investment, but contingent on what the country's own requirements are.

[Question]You spent several days in the emergency zone. What is the INP [National Institute of Planning] doing in Ayacucho?

[Answer] It should be remembered that, in mid-May, the president summoned a commission chaired by engineer Wilfredo Huayta, to prepare a 1985-86 short-term plan of immediate state action in the emergency zone. This commission has submitted a report to the president on what should be a basic system for the development of that zone. When we took over the government, at the first meeting of the National Defense Council, it was agreed that the National Institute of Planning should resume this work. Thus, the institute has sent to the Council of Ministers an investment program for November and December 1985, and for the year 1986, which basically constitutes an expansion of what the corporations in these departments had. The fundamental purpose of the trip was to summon all the state sectors in each of these departments to observe the execution of these investments over the next 8 months, in coordination with the state.

[Question] You have reached the time when turnovers, surrenders are taking place among people who have been under Sendero's control. Have you had any contact with these communities?

[Answer] Our contacts have been with communities which were very recently subjected to a process of violence, marked by armed clashes with Sendero itself, as in the case of the community of Tincopampa. They are communities in which small army details are now present, in which Sendero has not been able to remain.


Cusco
Huancavelica
Apurimac
Ayacucho
Puno
Arequipa

El trapecio que será privilegiado.

The trapezoid which will be given priority

2909
CSO: 3348/197

PERU

IU MEMBERS OF LABOR COMMISSION ISSUE DISSENTING STATEMENT

Lima EL NACIONAL in Spanish 27 Sep 85 p 16

[Text] The United Left denounced that the majority report of the Labor and Social Welfare Committee on the job security proposals presented by the Executive Power and by APRA [American Popular Revolutionary Alliance] deputies contains serious deficiencies and omissions that place at risk the effective exercise of constitutional law on job security that it is intended to protect.

The denunciation or alert is contained in the minority report signed by deputies Manuel Cortez Fernandez, Jose Luis Alvarado Bravo, Alejandro Olivera Vila, and Jesus Palacios Cordova, members of the Committee on Labor and Social Welfare of the Chamber of Deputies.

The document, which is recorded in the day's transactions, states that the majority report "does not take into consideration the necessity of proving and verifying the commission of the breach before making the dismissal;" nor the State's obligation to grant the worker the exercise of his right to defend himself; concepts that are enshrined in the Constitution and in recommendation 116 of the International Labor Organization, that establish the necessity of providing due proof of a serious breach before proceeding to the worker's dismissal.

The leftist group's text demands that the government majority specify that exceptional circumstances, due to economic or technical causes, should not be attributable to the employer, stating that in this way those cases in which the closing of the business is requested due to economic failure deriving from an erroneous or badly planned and executed business strategy are eliminated.

"To facilitate closure or the reduction of work shifts and/or personnel in these hypotheses is almost tantamount to rewarding business inefficiency," the document said.

It refers also to formal questions in articles 4, 5, and 6. In this last one the United Left legislators say that "it should be specified that suspension should be of the license required by the worker for the exercise of his activity in the work place, and should be of a final nature. A temporary suspension (such as the suspension of a driver's license) should not serve as the pretext for dismissing a worker."

In the same way, they point out the lack of specifications with regard to acts for which a worker may not be dismissed, remarking that the standards of labor law, within comparative law, not only protect the labor union leader but also extend their effects to anyone who acts or has acted in representation of the workers. They also say that procedure for making the dismissal and the formal notification thereof should be given special treatment. They also denounce that "reinstatement" or "indemnizatory" action contained in articles 12 and 13 of the APRA report has no reference or precedent in the framework of our legal system or in comparative law; they say that both words are foreign to juridical tradition and that it would be better to ask the competent entity to qualify the dismissal, so as to come back later to reinstatement or indemnization.

They also demand that the government majority report include an article forbidding the existence or creation of business agencies or enterprises for placing workers in jobs, whatever the nature of the business organization adopted. To this end, they propose a series of substitute articles, among them one mentioning that a worker may only be dismissed for just, previous, and proven cause. Enumerated are the causes that in the opinion of the signers constitute just case for dismissal.

In article 8, presented as a substitute article, the United Left members of the Committee specify that "the employer may not dismiss a worker until the labor authority has handed down the authoritative resolution, agreed to and executed, that, the breach being prequalified, authorizes the employer, after investigation and verification of the alleged acts."

Furthermore, the document maintains that workers affected by the original administrative resolution may appeal within a period of three days and that no act of refutation will be allowed against the resolution handed down on the second or final appeal.

The substitute bill proposed by the United Left comprises 32 articles, two temporary dispositions, and four final dispositions in which is summarized the thought of the Marxist group on the subject of job security, a large part of which has been taken from the positions of the labor union world grouped under the CGTP and independent labor organizations that are in affinity with the theory of the class labor movement.

12856/13046
CSO: 3348/40

PERU

BRIEFS

ECONOMIST WEBB PUBLISHES BOOK--On Wednesday October 2 the recent book by economist Richard Webb, who has a doctorate from Harvard University, will be presented at a ceremony at the Riva Aguero Institute at Catholic University of Peru. The ceremony will be presided by Dr Luis Alberto Sanchez, senator and president of the upper chamber and first vice president of the republic. The volume by Webb, president of the Central Reserve Bank of Peru from 15 August 1980 for a constitutional period of 5 years, is titled "Why Am I an Optimist?" and contains articles published on the editorial page of EL COMERCIO and in other publications between 1982 and 1984. It includes an introduction written this year and a prologue by Mario Vargas Llosa. Webb, 49, studied economics at St Andrews University in Scotland. On his return to Peru, he was director of economic studies at the Central Reserve Bank during 1965 and 1969 and was later chief of the economics department at Catholic University. During the first phase of the military government, he obtained his doctorate in economics at Harvard with a celebrated thesis that showed the superficiality of the "reforms" applied between 1969 and 1977. After that, he worked at the World Bank and was a professor at Princeton University before returning to this country in 1980 for good at the behest of Manuel Ulloa Elias. The fine edition of the book was brought out by Eduardo Sanseviero of Libreria El Virrey. In the introduction, Webb says his purpose was to publish the collection of texts in one book so as to make known and explain the economic phenomena of recent times. The Riva Aguero Institute is located at Camana 459, Lima. [Text] [Lima EL COMERCIO in Spanish 29 Sep 85 p A-1] 12856/13046

SEPTEMBER INFLATION RATE DOWN--According to the indexes published by the National Institute of Statistics, the inflation rate, which in recent months was almost out of control, came to 3.5 percent in September, which is a great advance in the struggle against the inflationary process, which threatened to reach 300 percent in 1985. In April, May, June, July, and August the figures were 12.2 percent, 10.9, 11.8, 10.3, and 10.8 percent, respectively. After the latest figure became known, Economy Minister Luis Alva Castro asked Peruvians to continue defending the price level by not paying more than established prices. [Text] [Lima EL COMERCIO in Spanish 30 Sep 85 p A-1] 12856/13046

BUSINESSMEN DISCUSS WAGE HIKES--The government is determined to continue the fight against inflation and to succeed in reactivating the economy, with which we are all in agreement; but some measures to this end have caused problems both for production and for trade. This was stated by the first vice president of the Lima Chamber of Commerce, Alberto Vega Pozo, during the members meeting called by that organization. In a press communique, the Chamber says the purpose of the meeting was to inform member companies about the organization's activities with reference to reactivation measures and negotiations of labor contracts. On the labor field there was a consensus about the repercussions that a policy of wage increases has on success in controlling inflation in the next 18 months. An objective and realistic solution was proposed that protects the interests of the workers and the stability of the companies. The communique says that examples were given of the problems caused in practice by the freezing of prices, the ban on imports, the requirement to obtain licences beforehand, etc. It also invites members to present their problems to the Chamber so as to submit them to the authorities in the dialogue that has already been initiated, since the authorities want to perfect the system. The communique says that another subject of debate was the repercussion of labor contract negotiations on operating costs. It says the conclusion was reached that it is prudent and necessary to try to resolve these agreements, keeping in mind the aim of maintaining inflation in 1986 within a range not greater than 40 percent. [Text] [Lima EL COMERCIO in Spanish 29 Sep 85 p F-2] 12856/13046

CSO: 3348/40

VENEZUELA

POLL SURVEYS GOVERNMENT PERFORMANCE IN BANKING CRISIS

Caracas EL DIARIO DE CARACAS in Spanish 21 Oct 85 pp 32-33

[Text] In this second part of the poll taken by Gaither International on the banking crisis, the action taken by the national government regarding the problem, the confidence in the institutions protecting depositors and the control of banks and punishment of those guilty of fraud are analyzed.

5. Opinions of the Government's Action

Although 83 percent have heard about the banking problems, only 51 percent have heard about measures adopted by the government to cope with them. (The proportion is greater among account-holders, but even in this group the percentage amounts to only 67). In any event, nearly all those who have heard about the measures believe that they have been correct (40 percent of the general population and 51 percent of account-holders). Only 6 percent, in the first instance, and 10 percent in the second, claim that they have been erroneous.

There is less unanimity of opinion when the reasons for the government's action in this context are discussed. Although over six out of every 10 persons who have heard about measures adopted by the government think that they were adopted to protect depositors, a sizable minority (three out of every 10) think that they were adopted to protect "its political colleagues." (The rest have no opinion.) The attribution of political motives to the government's action does not extend to all segments of the electorate. It is slightly more common among the political opposition, but not much; it is a minority trend of opinion which crosses all sectors.

More important, perhaps, is that only a minority of the general population thinks that those guilty of fraud will be punished. Of those who claim that fraud has been the cause of the problem (39 percent), only 17 percent think that they will receive "the punishment that they deserve," while 19 percent think not. Account-holders are even less confident about the punishment: 19 percent believe that they will be punished, and 28 percent that they will not.

The negative (or cynical) opinions in this respect represent the majority of the opinion formed in all sectors of the electorate except those with minimal sophistication. In level "E," among those aged 45 or older, in the rural areas and among those with elementary education or less, there are more who think that they will be punished than think that they will not. But, among the others, the majority opinion is that they will not receive punishment. Those from the political opposition who voted for the minority parties are especially inclined to believe that they will emerge from their fraud unscathed.

The two following tables offer a summary of these opinions. Table VII gives a summary of the opinions of the general population and of account-holders in particular; and Table VIII gives a breakdown of those who think that the guilty ones will receive the deserved punishment or will not.

6. Confidence in the Institutions Protecting the Depositor

There is little knowledge of an insurance system to protect account-holders, even among the account-holders themselves. Among the general population, 38 percent believe that such a system does exist; among those with accounts in the banks, the proportion rises, but only to 48 percent. However, few know how it operates and even fewer think that it operates efficiently.

Among those who believe that this system exists, half think that it is a system backed by the government; and half think that it is backed by the banks themselves. One out of every three does not believe that the system provides an effective guarantee, in the sense that the deposited money will really be returned in the event of a problem. And almost no one believes that such a return would be made promptly, if it were necessary. Among the entire population, only 3 percent think that the system will provide strong, timely protection to the account-holder. Even among those who have such accounts, the proportion is only 4 percent.

Table IX offers a summary of these opinions.

7. Preference for Control of the Banks: Public or Private Sector

The public in general and especially those with bank accounts prefer control of the banks by the private sector over control by the government, despite the problems that have occurred.

A total of 54 percent of the population prefers that the banks be under the control of private sector bankers. Only 28 percent prefer them under the control of public officials. (The rest have no opinion.) Among those who currently have bank accounts, the opinions are even more clearcut: in this group directly affected, the proportions in favor of the private sector are 64 to 23 percent.

The public does not deny a role for the government in the banks, but it obviously wants a limited role. A plurality of the general population wants banks of both types, both government-run and those run by the private sector (41 percent). But among those wishing all of them to be of one type or the other, a majority prefer the private sector, by a margin of 28 to 18 percent. And even among those who want banks of both types to exist, the public claims that it would deposit its own money in the private sector banks, by a margin of 26 to 13 percent. Those with accounts in banks want the same thing, and to an even greater extent.

The most sophisticated are those who most want a role for the private banks. For example, among the extremists (those who prefer the banks entirely in one sector or the other), those with a university education prefer the private banks by a margin of 25 to 7 percent. Only among the less educated is there a really strong preference for banks run entirely by the government. Among those with no formal education, the preference for government-run banks exclusively is expressed by a margin of 25 to 16 percent.

Table X offers a summary of these opinions among the general population and among those who currently hold bank accounts.

Table VII

Opinions of the Government's Action

	General Population %	Account Holders %
Knowledge of the measures		
The government has adopted measures	51	67
They are correct	40	51
They are not	6	10
Don't know	5	6
It has not adopted measures	21	18
Don't know/haven't heard about the problem	28	15
The reason for the measures		
To protect the depositors	32	42
To protect the political colleagues	15	19
Don't know	4	6
The justice of the final results		
Those guilty of fraud will be punished	17	19
They will not be punished	19	28
Don't know	3	5
Don't believe that there was fraud	44	42
Haven't heard about the problem	17	6

Table VIII

Opinions of the Punishment That Will Be Given To Those Who Committed Fraud

	Will be punished %	Will not be punished %
Total population	17	19
Account holders		
Have a bank account	19	28
Do not	15	14
Age		
18-20	21	25
21-24	13	23
25-29	19	20
30-44	16	20
45 or older	16	13
Socioeconomic level		
A/B (upper)	22	39
C (upper middle)	20	28
D (lower middle)	16	19
E (lower)	15	10
Sex		
Male	17	21
Female	16	17
Educational level		
University	15	41
Secondary	20	24
Complete elementary	20	13
Incomplete elementary	15	7
None	6	5
Urbanization		
Urban	18	22
Rural	14	8
Vote in 1983		
Lusinchi	18	18
Caldera	16	18
Others	14	32

The Penetration of the Problem (%)

They have an account:	35
(Savings)	(33)
(Checking)	(7)
They have it in a bank with problems	10 (+6)
They are directly affected	7 (+4)
The problem has not been solved	5 (+3)

Table IX

Knowledge Of and Confidence In Insurance For Deposits

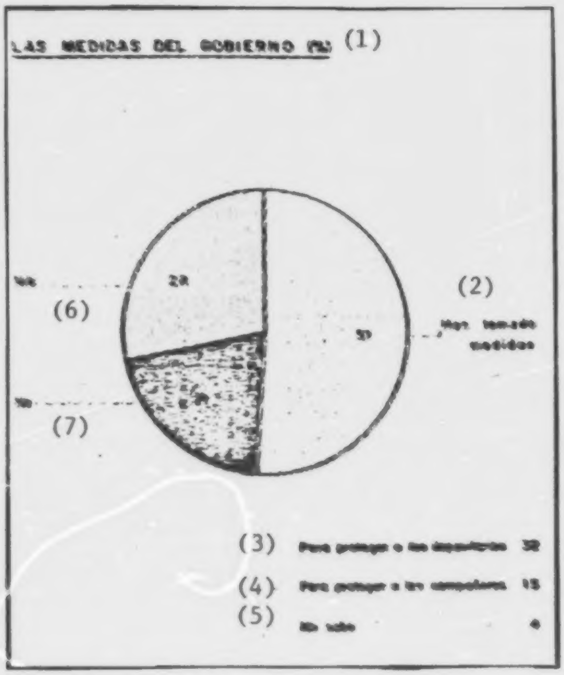
	Among the general population %	Among account holders %
The existence of the system		
Yes, there is an insurance mechanism	38	48
No, there is none	28	27
Don't know	33	26
Backing for the system		
The government	17	21
The banks	17	20
Don't know	4	6
Don't know whether there is such a system	62	53
The efficacy of the system		
The deposits will be returned	26	35
Promptly	3	4
Will be delayed longer than they should	22	30
Don't know	1	1
They will not be returned	9	9
Don't know	3	3
Don't know that there is such a system	62	53

Table X

The Preferences For Private and Government-Run Banks

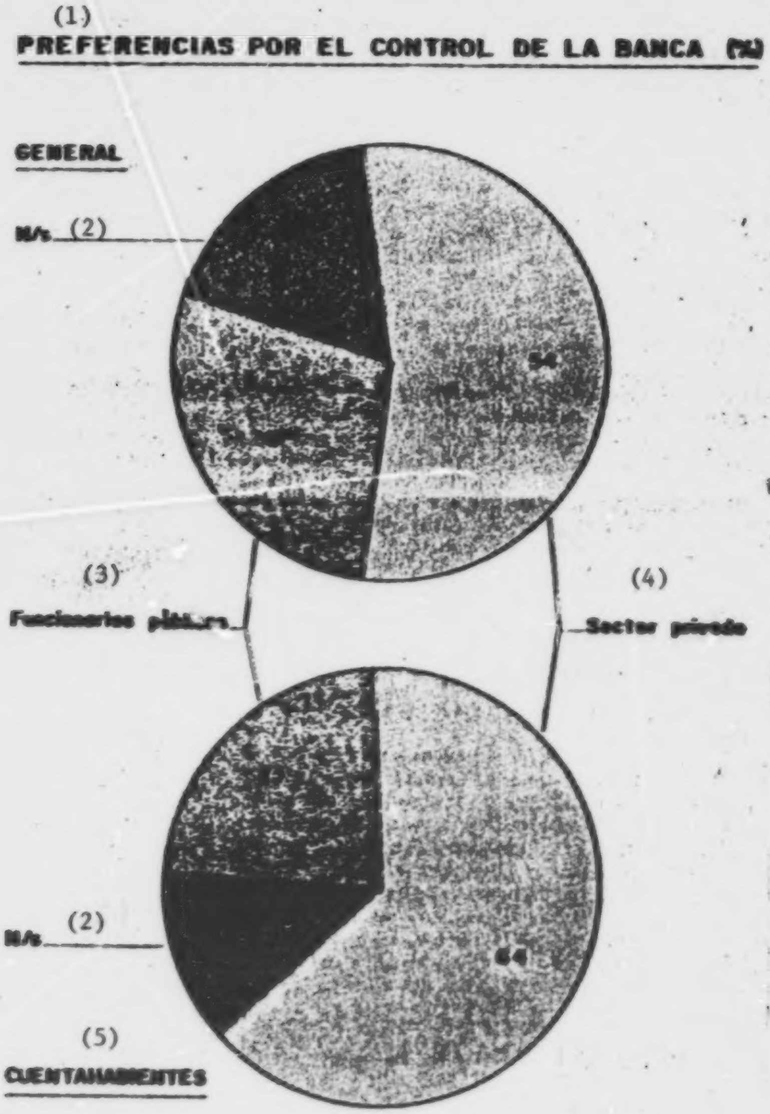
	Among the general population	Among account holders %
Preference for control of the banks		
Private sector	54	64
Public officials	28	23
No opinion	18	13
Preference for the type of banks, that they be:		
All in the private sector	28	29
All government-run	18	12
Of both types	41	52
No opinion	13	7

Personal preferences, if there are both types:		
Would keep their own money in:		
Private bank	26	35
Government-run bank	13	12
Don't know	2	5
Don't want both types to exist	59	48



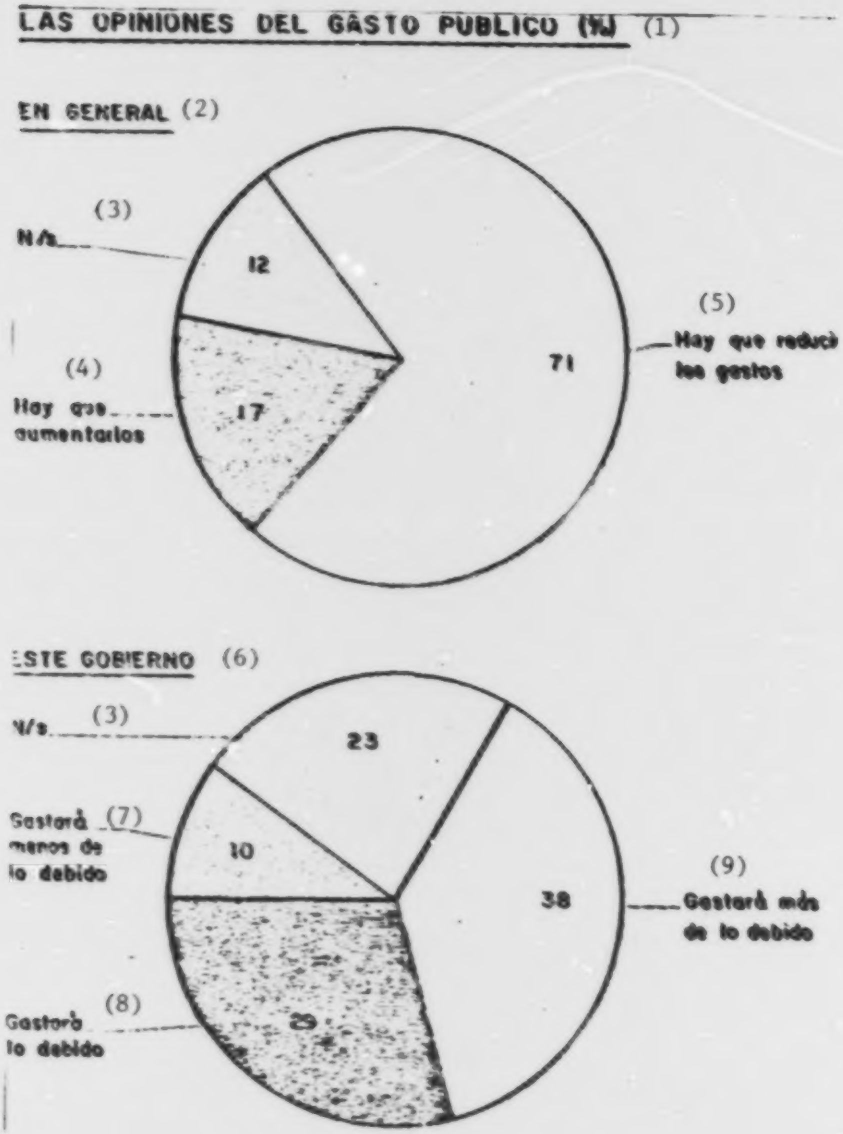
Key to Chart 1:

1. The Government's Measures (%)
2. Measures have been adopted
3. To protect the depositors
4. To protect the colleagues
5. Don't know
6. Don't know
7. No opinion



Key to Chart 2:

1. Preferences For Control of the Banks (%)
2. Don't know
3. Public officials
4. Private sector
5. Account-holders



Key to Chart 3:

1. The Opinions On Public Spending (%)
2. In general
3. Don't know
4. Should be increased
5. Expenses should be cut
6. This government
7. Will spend less than it should
8. Will spend what it should
9. Will spend more than it should

2909
CSO: 3348/119

VENEZUELA

GAS PIPELINE NETWORK TO BE COMPLETED IN 1993

Caracas EL DIARIO DE CARACAS in Spanish 21 Oct 85 pp 32-33

[Text] The information provided by CORPOVEN [a subsidiary of Venezuelan Petroleum, Inc (PETROVEN)] indicates that the potential reserves estimated at 5.1 billion cubic meters show that this resource will be able to meet our needs for many years.

Caracas--The new gas network that will afford full participation by that hydrocarbon in Venezuela's energy system will be totally completed in 1993, with a national network of gas pipelines 5,000 kilometers long, and an installed transmission capacity of 130 million cubic meters per day.

This statement was made in the brochure entitled "The Gas Industry in Venezuela," published by CORPOVEN, a branch of Venezuelan Petroleum (PDVSA), which stresses that the demand for energy in the country is estimated as increasing from 800,000 barrels per day of equivalent barrels of oil (BEP) at present to 1.5 million units per day by the end of this century.

Of this consumption, it is anticipated that natural gas will contribute 40 percent for the energy demand.

The publication notes: "To successfully cope with the challenge of ensuring the supply of the increasing volumes of gas to be used by the nation in the future, it will be ncessary to invest major efforts and resources to develop and consolidate the projects associated with the production, processing and distribution of natural gas."

It adds that the potential natural gas reserves in the country, estimated at 5.1 billion (million million) cubic meters, indicate that this energy resource will be able to meet the requirements for many years. Nevertheless, in order to attain this goal, the development of this potential must be carried out over the short and medium term, thereby ensuring the supply of gas required.

If one assumes an interannual growth in the gross domestic product (GDP) of 4.5 percent, it may be estimated that the demand for natural gas will increase from 87 million cubic meters per day in 1984 to 130 million units daily in the year 2000, in which the requirements for injecting in the oil wells would be included.

So, the demand associated with energy uses and basic supplies would, by that time, be 70 million cubic meters per day.

As for the processing of natural gas, MENEVEN, a branch of PDVSA, is executing the project to construct the Eastern Cryogenic Complex to process 23 million cubic meters of gas per day; as a result of which the total processing capacity in the country will be raised to 75 million units per day.

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- END -

JPRS-LAM-86-006

14 January 1986

Latin America Report

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JPRS-LAM-86-006

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CHILE, PERU ISSUE COMMENTS ON IMPROVED RELATIONS

Santiago EL MERCURIO in Spanish 1 Dec 85 pp A-1, C-6

[Text] Lima, 30 Nov--Yesterday, the vice president of Peru, Luis Alberto Sanchez, told this newspaper of his complete satisfaction with the results achieved at the meeting held by Foreign Ministers Jaime del Valle and Allan Wagner; and noted that they would bring about constructive development of relations in the immediate future.

The official remarked: "My impression is excellent. The solution to the unresolved matters should have been reached sooner, but it is never too late for the sun to come out."

He commented that, now, both nations must engage in finding solutions to their joint problems, and that everything will be based on integration, particularly for surmounting the foreign debt.

Sanchez observed: "The main thing is to have peace, so that in this way we may progress."

In this connection, he claimed that it would be beneficial if our country were to propose rejoining the Andean Pact, as a means for coping with the current serious economic situation with the neighboring countries.

Finally, he asserted: "I can now see that the future of relations between Chile and Peru, nations which should never have been disunited, will be very cordial and friendly."

Chilean Sovereignty

The Chilean ambassador to Peru, Juan Jose Fernandez, for his part, claimed to be very satisfied with the agreements reached; because in this way the entire agenda analyzed at Arica at the beginning of the month was carried out.

The diplomat claimed that our country would immediately begin construction on the projects for the neighbor nation service, as stipulated in the Treaty of 1929; which had been in abeyance, as well as the monument to Christ the Redeemer, to be erected on El Morro de Arica, which will symbolize the brotherhood of peoples. Fernandez added that all these projects will be ready sometime next year.

He emphasized the fact that Chilean sovereignty over these projects had been completely established; and hence he described the entire agreement reached as highly feasible.

When asked about the 56-year delay in completing these projects, the ambassador explained that their history dates back shortly after the signing of the treaty, when President Leguia was overthrown; which prevented reaching agreement on the construction. Then he cited the crisis of 1930, which prevented Chile from starting to modernize the port of Arica and, therefore, the construction of the projects. As he related, this was later compounded by World War II, and it was not until the 1950's, under Carlos Ibanez' administration, that the talks were resumed, lasting nearly 17 years, to agree on the features of the buildings for Peru.

He added that the plans were submitted during the Frei government, but, because President Belaunde was overthrown, and in view of the military regime that was in power in the neighboring country for 11 years, there was no mood for negotiating.

Therefore, he noted, it was not until this decade that the current Chilean government decided to put an end to this situation, and to determine the administration and operation of the mooring dock, customs offices and railroad terminal.

The diplomat told this newspaper: "I believe that the relations will be very active in the future. During Belaunde's second administration, they were cordial, frank and open; but now there will be a real, concrete, and greater essence, and many more things can be accomplished."

Repercussions

The front pages of all the Lima newspapers reported the agreements reached at the foreign ministers' meeting.

LA CRONICA underscores this news in large headlines, next to photographs of Jaime del Valle and Allan Wagner, and provides the complete text of the joint declaration and the assessments of the Peruvian president, Alan Garcia, on this matter.

EXPRESO also carries the headline "Peruvian and Chilean Army chiefs will meet here," while LA REPUBLICA points out: "In May negotiations begin to limit spending on weapons." EL COMERCIO devoted its main headline to the report, "Peruvian authority will administer Arica wharf," including its editorial, "Peru-Chile: important steps." In the latter, the agreements on the location of the railway terminal and the expansion of the customs office are underscored. Nevertheless, in commenting on the real estate of one country in the other, and the solutions reached, it criticizes the fact that no mention was made in the communique of the Peruvian land in Arica, known as Chinchorro.

However, informed sources told this special correspondent that there would soon be an announcement of the agreement made for Peru to sell that area to our country. For the pertinent studies, a technical commission will be appointed which will analyze the manner in which the transfer is to be made.

Peruvian Foreign Ministry

Yesterday, the Peruvian Foreign Ministry submitted a statement in which it described the wire stories relating to the transfer of troops from Tacna to Arequipa as "journalistic inaccuracy."

The communique states: "The redeployment of military personnel can, in instances wherein it is possible and appropriate, constitute a positive procedure for easing tensions, within a broad context of measures that represent a resizing of the defense systems, based on new security connections resulting from the development of mutual confidence."

It adds that, for this reason, the foreign ministers of Chile and Peru resolved to start a process of consultations and negotiations "which, through concrete, progressive, rational and associated steps, would lead to the aforementioned limitation on weapons spending, fostering of mutual trust and the development of a concept of security that is in keeping with a state of eased tensions and cooperation among nations."

The note also states that, at the May meeting in Lima, the commanders of the Armed Forces will examine the methods, mechanisms and procedures for attaining this shared goal.

2909
CSO: 3348/261

PROPOSALS TO FACILITATE CHILE-ARGENTINA INTEGRATION

Santiago EL MERCURIO in Spanish 2 Dec 85 p C-1

[Text] Punta Arenas--Using the currencies of both countries to speed up commercial transactions, granting facilities for the mutual use of roads and ports and carrying out a joint effort to promote the area's products were some of the recommendations resulting from the Seminar on Chilean-Argentine Integration in the Southern Zone held in this city.

The event was organized by ECLA [Economic Commission for Latin America], under the auspices of the University of Magallanes. Prominent members of production agencies from both countries attended, as did business leaders and university representatives.

Among the conclusions reached after several days of debate was the need for a smooth-flowing border trade in the Patagonian region, through measures such as the use of local currency of both countries for transactions, the implementation of mechanisms for direct compensation and making the procedures for the return of foreign exchange flexible.

Also discussed was the possibility of promoting the granting of mutual facilities for the use of the highway and port infrastructure, as the case may be, in order to better meet both the national and international transportation requirements of both countries.

Finally, emphasis was placed on the importance of backing joint prospecting, promotion and participation by Argentina and Chile on the markets, to foster the products of the southern region.

Integration Is Development

The superintendent of Magallanes, Maj Gen Luis Danus, described the seminar as "a complete success," because "we are convinced that integration is development; and hence provides better living conditions. For this reason, we are backing it, and we are very happy that the seminar has been held in this region, thanks to the contributions from Chilean and Argentina universities, and ECLA in particular."

2909
CSO: 3348/261

INTER-AMERICAN AFFAIRS

BRIEFS

PERU-VENEZUELA COPPER WIRE PRODUCTION--Peru and Venezuela have been discussing at the highest level the possibility of expanding their trade to $200 million a year and of building a wire plant in Lima, with capital from the two countries as well as the Andean Development Corporation (CAF). A delegation is visiting us for that purpose, headed by the director general for integration of the Venezuelan Foreign Trade Institute, Juan Francisco Reyes. The delegation is being supported here by Ambassador Francisco Paparoni. For Peru, the discussions are being conducted by Vice-Minister of Integration Javier Galvan; Alberto Vera La Rosa, adviser to the Ministry of Industry, Commerce, Tourism and Integration; and officials of FOPEX and the Ministry of Foreign Relations. The commercial sectors under negotiation are chemicals, iron and steel products, textiles, zinc, silver work, raw silver, polypropylene, thoroughbred horses and lumber. At the same time, work is being done on the formation of a binational enterprise under legislation of the Cartagena Agreement. The enterprise will manufacture copper wire, and will require an estimated investment of $20 million. The Peruvian State Mineral Marketing Company (MINPECO) will participate on Peru's behalf, while Venezuela will be represented by Sudamericana de Aleaciones (SURAL). The plant will employ 800 people. MINPECO and SURAL would contribute $2 million each, and the CAF would contribute $12 million. The technology would be 40 percent Peruvian and 60 percent Venezuelan, according to the initial conversations. The engineering on the project would be carried out by Venezuelan companies. [Text] [Lima EL COMERCIO in Spanish 20 Nov 85 p A-15] 8926

CSO: 3348/240

INDEPENDENT DEMOCRATIC UNION PRESENTS POLITICAL OBJECTIVES

Santiago EL MERCURIO in Spanish 24 Nov 85 pp D-2, D-3

[Interview with Jaime Guzman, secretary general of the Independent Democratic Union, by Raquel Correa; date, time and place not given; passages enclosed in slantlines printed in boldface]

[Text] Jaime Guzman has matured. He is less tense, has a better sense of humor (he has even gained some weight), and although he is still as controversial and argumentative as ever, he is much more flexible than before. Not with respect to communism--he still has the same views on that--but he does have a much more conciliatory tone that would appear to confirm what people are saying around the Independent Democratic Union (UDI): that the UDI may become a "helping hand" between the military government and civilian rule.

He is still a supporter of the regime, "clearly supportive," he concedes, although he insists that he maintains his "independent judgment." He also contends that he is concerned about the future, like nearly everyone in this country. But he is not so much concerned about /before 1989/ as /after 1989./

"We must reach full democracy in the appropriate way, and we must choose the correct path after the military government ends," he says.

For him, naturally, the proper framework is the Constitution of 1980, but he is not frightened by the idea of reforming some of its provisions. He agrees with more than one of the "/immediate measures/" proposed by the "National Agreement."

His opinions are always a political event, especially now that so many important minutes are ticking on the clock.

In the Ghettos

[Question] Have you ever thought that you might be forced into exile in the future?

[Answer] A Christian must always be ready to think of different ways of bearing the cross that God may have in mind for him. And that would certainly be one of the heaviest crosses to bear. That is why I have done everything within my power to alleviate the pain of people who suffer it.

[Question] The "Agreement" calls for the end of exiles. What is your position on that?

[Answer] The UDI advocates a quick and comprehensive solution to the exile problem, given that the historic justification for it has now disappeared.

[Question] Then everyone, without exception, could return? The complete end of exiles?

[Answer] The complete end. There can be no absolute exclusions in this matter. According to Article 8 of the Constitution, a person who actively pursues totalitarian and violent doctrines can have his principal political rights suspended, but he cannot be deprived of his most basic human rights.

A man who has been seen in many settings--from Quinta Vergara to the Municipal Theater, including the university, the Senate of the Republic (where he meets with the "Fernandez Committee" to study organic constitutional laws) and the National Stadium--now Guzman is also seen in the poor ghettos.

[Question] What for?

[Answer] To spread and expand a political movement that is growing deeper popular roots and needs to fortify them.

[Question] Many readers will smile at your choice of words. People think that the Independent Democratic Union is to the right of the right, that it is an elite university group, and moreover, that it is too close to the regime. These are three reasons for staying very far away from the people . . .

He is not annoyed, and responds in his usual impeccable manner, being very careful of the form of his answer and never losing sight of the basic idea:

[Answer] The facts disprove that kind of stereotype, and show that reality is quite different from the labels our adversaries try to put on us to discredit us.

He enlarges on the work the UDI (of which he is now secretary general) has done among the poor, and rejects the notion that they are received in the ghettos only "because they bring gifts."

[Answer] I wish we could come with some assistance that could halfway meet the needs of the people with whom we are working. Unfortunately, we cannot do so because we lack the economic and material resources for that. Those who do, however, have a tremendous amount of material aid of all kinds are the communist leaders; they receive it both from their party organizations and from ecclesiastical sectors. In a broad spectrum of the poor districts of Greater Santiago, these ecclesiastical groups are one of the most active and radical revolutionary agents anywhere.

[Question] What you are saying is very serious. How about some examples?

[Answer] We have received specific reports and testimony from anti-Marxist residents who have been excluded from the assistance that is delivered through the parishes, for the simple reason of their political position. In addition to that, the Marxist leaders have a broad material support base, and to a large extent they operate out of church facilities right there in the ghettos. Thus, it is clear that there is an element of practical and objective material support for all their political action.

[Question] Could you prove your accusation by giving the names of priests and parishes?

[Answer] Yes, we are making a complete survey, but we want to give the list directly to Cardinal Fresno before making it public.

Government

[Question] Tell me about you and the government. Do you still claim to be independent?

[Answer] The UDI is a movement that is independent of the government, although it certainly supports the government.

[Question] If you are supporters, why do you claim to be independent?

[Answer] Because this is a military government that calls upon individual civilians to carry out government functions, but there is no government party.

[Question] Are there any conditions on your support?

[Answer] It is a reasoned support, and it has an independent judgment.

[Question] Unconditional?

[Answer] A supporter of the government--be it a person or a movement--should not understand his mission to be blindly supporting everything the government does, just as a serious opponent should not understand his role to be blindly criticizing everything the government does. There are a lot of different ways to be a supporter.

[Question] Specifically, what would cause you to decide to leave the government?

[Answer] If the government ceased to be a real alternative for leading the country toward a democratic institutional system that could become stable over time, and if it did not adhere to the constitutional and juridical frameworks that are essential to that process. In other words, if it did not fulfill the solemn commitment made not only by the president of the republic but also by the military as an institution. But I cannot imagine such a circumstance.

[Question] Isn't it contradictory for you to claim to be independent of the government, even though you have cooperated constantly with it for 12 years?

[Answer] Both the UDI and I feel and have always felt independent of the government in our judgment. This does not prevent our being supporters of it or even participating in government efforts in certain specific areas, as in my case. Having an independent judgment implies having internal freedom, and above all exercising that freedom in private or in public, expressing one's own points of view, whether or not they coincide--on certain issues--with those that the government authorities are promoting at the time.

[Question] You advocate excluding anti-democrats from the law and openly support this government. Would you, as a constitutionalist, contend that this is a democratic government?

[Answer] This government is not and never has been a fully democratic government, given that it is a military and therefore authoritarian government. Nor is it an anti-democratic government, however, because its goal is to reach the full democracy consecrated in the 1980 Constitution. For this reason, I would define it as an authoritarian, constitutional and pre-democratic authoritarian military government. The allegation by some government supporters that it is fully democratic is not only wrong, but weakens any serious effort at defending it and the institutions it has been building; these institutions will come into full force only after 1989.

Constitution

[Question] You demand that the opposition recognize the Constitution of 1980. Do you or do you not agree that the circumstances under which it was approved detract from its validity?

[Answer] The plebiscite of 1980 was a pronouncement that truly reflected the thinking of the majority of the citizens, who backed the government that existed at the time. This attitude was translated into support for the constitution that the regime was advocating. Naturally, a constitutional plebiscite--under a military government--is not a perfect model of the conditions of equity that should prevail for the different positions competing in elections under democratic systems.

[Question] The fact that there was not enough debate, no voter registration, no alternatives, doesn't this all detract from its validity?

[Answer] In my opinion, it doesn't, because the basic requisites were present in sufficient number to legally validate an election of this type. Moreover, after 7 years of military government, each Chilean had undergone an experience that was too strong to be swayed by a month of propaganda or debate, which would be intrinsic to an election campaign. If the plebiscite had been won with a margin of 2 or 3 points, maybe this issue could be argued; but the margin of victory was 67 percent.

[Question] The opposition questions it not only because of the way it was approved, but also because of the way it was drafted and its very content.

[Answer] The root of the criticism of the Constitution by most of the traditional political parties and their failure to recognize it lies more in their differences with the content of the permanent articles. This disagreement follows the same lines as the divorce between their leaders and what has happened to the country's presidentialist constitution since 1925. The so-called "National Agreement" does not even specify whether it supports a presidential system of government, as proposed in the draft written by the Council of State chaired by Don Jorge Alessandri. As a matter of fact, the present Constitution borrowed that proposal almost intact.

Opposition Demands

[Question] This business of demanding that the opposition take an explicit stand on the legitimacy of the regime that is governing us and of its Constitution—isn't this just a strategy to prevent, or boycott, agreements that seek a peaceful and reasonable solution for Chile?

[Answer] I make a fundamental distinction between legitimacy and acceptance. Legitimacy is a moral judgment that no one can be forced to make, from any point of view. What we are asking is that the Constitution be recognized as a reality that must be accepted, without prejudice to each person's right to propose the modifications he deems appropriate.

[Question] That is in fact what they are doing.

[Answer] In fact, they would appear to be recognizing it implicitly, when they cite constitutional norms in support of their rights in the courts. But without a more formal recognition of the Constitution, there cannot be any official or formal recognition of the authority vested in it. Various leaders of the "Democratic Alliance" still insist childishly on speaking only of Gen Pinochet, refusing to recognize him as president of the republic . . . And we are seeing that a serious obstacle in the path followed by those participating in the "Agreement" is that some of their members refuse to talk with the president of the republic . . .

[Question] And what about him? Is he willing to talk?

[Answer] I have no way of knowing, nor can I speak for him. But I assume that he has the legitimate right to demand that he be recognized as president of the republic. That is why the recognition of the Constitution has such a major practical implication, which goes far beyond the mere formal requirement. Given this situation, will they go to talk with the president of the republic, or with someone they do not recognize as holding that office?

Cardinal's Response

[Question] Cardinal Fresno called for a reconciliation, and a broad spectrum of political currents responded with the "National Agreement," which entails a political transition plan for now and a plan for governing in a democratic future. You have criticized this effort; what do you propose as an alternative?

[Answer] The UDI is not critical of the effort that translated into this document. It has pointed out that the moderate tone of the document and the declaration of intent that introduces it constitute a significant advance with respect to the way the "Democratic Alliance" started out in 1983. What we have maintained is that it lacks definitions of fundamental issues.

[Question] That document is an agreement, not a constitution, and its proposals are more rightist than leftist. It consecrates the right to private property, guarantees that there will be no ad hoc trials, . . .

[Answer] My criticism is that the title "National Agreement for the Transition toward Full Democracy" has been attached to something that was just a rought draft, and that they tried . . .

[Question] Do you think the name is important?

[Answer] I am referring to the fact that it was given a name that does not suggest the idea of an outline, but rather of something refined. What is more serious, it was suggested that they should immediately go out and enlist support and backing for a document that was still in the embryonic stage. That concealed the risk that a kind of avalanche might be unleashed, which would end up causing inpredictable political events that would also be completely contrary to the desires of some of the signatories. We merely asked what was the position of the signatories of the "Agreement" on key issues, which were mentioned or suggested in the document itself, though in our opinion it did not go into nearly enough detail to reveal exactly what it was advocating. The signatories themselves gave different or contradictory answers to those questions, which proved that this vague and generic pronouncement was an umbrella designed to cover people who not only had thought very differently until then, but continued to think very differently and in opposition to each other on these very issues, and therefore had not attained the minimum consensus they claimed to have reached.

[Question] Now the important thing is for you to state what the UDI proposes instead of that. It is said that you have a political plan. Is that true?

[Answer] Yes, the UDI is constantly working on drawing up plans and measures to offer both the government and the public, and we are doing that now . . . We believe that this regime has undertaken a tremendous effort to modernize the country, and the fruits of that labor can be seen in a great variety of fields. It would be tragic for all that to be lost by returning to a scenario like that proposed by the majority of traditional political leaders.

[Question] But what is your political plan?

[Answer] There are a lot of formulas. But the central objective is to incorporate that vast modernizing and progressive endeavor, correct the errors that have been made, and channel it toward the construction of a system that will provide guarantees of political viability beyond 1989, based on the enforcement and development of the Constitution of 1980.

[Question] Herman Chadwick, of the UDI political committee, told LA SEGUNDA that the program consists "first, of the rapid implementation of the 1980 Constitution; second, the prompt passage of all the political laws together, right away in 1986; and third, the implementation of the modernizations that today," he asserted, "are paralyzed." Is that the UDI's political plan?

[Answer] That is part of the approach the UDI has taken to this matter. Our alternative is much broader, and points to an overall objective: to prevent the economic crisis we are undergoing--of primarily international origin--from causing the loss of that gigantic modernizing and progressive effort that has been made. Instead, we want to project it further. For that to happen, however, the government must chart a clear and unequivocal political course, leading to an institutional and impersonal system that will be capable of allowing for a viable and full democratic coexistence after 1989.

[Question] Is it doing that?

[Answer] In our opinion, very deficiently. The effect of the economic crisis as an element in the erosion of the government's support and the uncertainty within the regime itself has prevented it--until now--from regaining the creative momentum it had until 1981. The political initiative which the government formerly had is now somewhat diluted.

[Question] In other words, would you say that the government has lost the political initiative?

[Answer] Certainly. And it is imperative that it regain that initiative.

Beyond 1989?

[Question] Do you also want the government to last longer than 1989, as Minister Cuadra proposed?

[Answer] I think the word government is not the appropriate one.

[Question] That is the word the minister used.

[Answer] The military government ends in 1989. Regardless of that, then, two completely different alternatives can happen: one, that we return to a regressive situation, which would mean totally erasing everything that has happened since 1973; and the other, that we consolidate the political institutions and economic-social modernizations that have taken place during this period. Naturally, the UDI is firmly resolved to opt for the second alternative.

[Question] Specifically, I want you to state whether 1989 is the "end of the government" or not.

[Answer] The government cannot be extended beyond 1989 without reforming the Constitution. I believe that trying to reform the Constitution in this manner would entail some very complicated problems. I do not think, therefore, that the government intends to pursue that. Our position has always been clear:

The constitutional terms should be respected. Just as we think the opposition should respect them, in that they should not try to shorten them, the government should also respect them and not try to lengthen them. And the president has just reaffirmed his position at the presentation of the credentials of the U.S. ambassador, so there is no room for doubt on this subject. We must ensure, nevertheless, that the institutional system consecrated in the permanent articles of the Constitution do last beyond 1989.

[Question] Do you support the idea that the current occupant of the presidency continue to hold that office between 1989 and 1997?

[Answer] It is impossible to say, 3 years ahead of time, whether one supports a given presidential candidate or not, especially under the present circumstances. It would depend on what that meant at the time, in terms of the country's destiny, obviously considering whatever alternatives are present . . . It would be just as irrational to claim that the objective must be to reelect the current president, as to reject the possibility of that hypothesis, per se, under any circumstances. The important thing is to know what an alternative such as the one you posed would mean at that time. And that is still 3 years away.

[Question] In your opinion, should the articles referring to the presidential succession be modified?

[Answer] Since you have brought up the matter of an eventual reelection of President Pinochet, I personally believe that if he wanted to run for reelection, he would be better off with an open and competitive campaign against one or more candidates, not a plebiscite in which people voted "yes" or "no" on him personally. In that case, the antibodies that exist with respect to any person would come into play. On the other hand, if there were other candidates, there would also be antibodies against the opponents. It would be much more advantageous for Pinochet to compete, for example, against a Gabriel Valdes, than against a ghost whom each person could conjure up to suit his own desires.

[Question] What guarantees would the other candidates, and the citizenry, have, considering that an incumbent would have the entire government apparatus at his disposal and would enjoy the backing of the military?

[Answer] These elections would be carried out on the basis of the new Public Electoral System Act, and would be supervised by the Election Tribunal that has already begun to function.

[Question] Then in your opinion, should the provisions be modified for the election of the next president, as the "Agreement" requests . . .?

[Answer] It depends. If President Pinochet does not run for reelection, I think the formula contained in the Constitution would have to be weighed very carefully before throwing it out as inappropriate. The fact that the four top leaders of the Armed Forces and the Carabineros have to propose a name to the country means that they must seek a person who, according to prior surveys and other information, will receive majority popular support. That person could even be a critic of the present government; but if he accepts the nomination by the Armed Forces and is confirmed by the people, he would change the present orientation of the government but would not seek to bring about a break in the institutions. On the other hand, if an open and competitive election--as is inherent in a full democracy--were held immediately after the current government left office, the various candidates would fight over who is most antithetical to the outgoing military regime. And that could seriously jeopardize the stability of the future democracy.

In any case, the system designed for the presidential succession in 1989 is instrumental. If it is not ultimately regarded by the citizenry as the most ideal method, it is open to reform, because there is no principle wrapped up in it; it is merely a practical matter. But we have proven that one of the most difficult points is to find a forum and a clear issue for negotiation between a military government and the political sectors. And in the decision to choose the person to nominate as the future president, the necessary forum for debate would be present . . .

[Question] Among the commanders in chief?

[Answer] No, between them and the civilians to whom they would put the decision. That means a search for a consensus, a prior negotiation that implies, as a moderating and stabilizing influence on the future democracy, respect for the Armed Forces and a guarantee that the name agreed to would be the fruit of consensus and not a polarized election.

Before 1989

[Question] Meanwhile, don't you think it would be better for the government to promise not to enforce Transitory Article 24?

[Answer] At least as a blanket assertion, with respect to not exercising the measure of expulsion or prohibiting entry into the country, as the UDI proposed more than a year ago.

[Question] And would you advocate changing the procedure for reforming the Constitution, which is considered too rigid . . .?

[Answer] In principle, I do not oppose certain matters, especially important in a Constitution, requiring rigid mechanisms for reform. But I do believe that since the recognition of the Constitution has become such a controversial political issue, it would be worth considering the possibility of making certain procedures more flexible. I am referring to some of the Constitution's provisions for its own reform that are particularly strict, in some specific areas. If sectors that do not recognize the Constitution are being asked to give in and do so, it seems plausible that in exchange for that we might study the possibility of lending more flexibility to the mechanisms for constitutional reform as an equitable and logical quid pro quo. In fact, a quorum of 60 percent of both houses in session seems sufficient to me, and no one could call that excessive. We also proposed that publicly more than a year ago.

[Question] Another immediate measure requested by the "Agreement" is more freedom of the press . . .

[Answer] That subject seems to me more doubtful in terms of what can be feasible under a military government. Furthermore, it seems less irrelevant to me, given that there is a wide range of publications whose degree and style of opposition to the regime are very rare for a military government.

[Question] And what about eliminating the system of delegated rectors?

[Answer] I think that this is one of the institutions made most obsolete by the circumstances; this has been so for some time now. It is imperative that rapid progress be made toward a system of organic and hierarchical participation by academics in the leadership of the universities.

Helping Hand

[Question] Finally, is it true that the UDI is willing to be the "helping hand" between the military government and the signatories of the "National Agreement"?

[Answer] We have not had any request from either of them in that regard, and it would be very pretentious to take on such a role without anyone asking us to.

[Question] My question is whether the UDI would be willing . . .

[Answer] If our contribution in that regard could be useful, we would always be willing to do it.

[Question] Would the "Agreement" have to be written all over again?

[Answer] I don't mean starting over from the beginning, but almost all of it would have to be rewritten.

[Question] Would the socialists be left out? Would nothing but the right remain?

[Answer] No. I have been told that I am looking for five feet on the cat by asking that the "Agreement" be clarified. Actually, I can see only two or three feet on that cat, and I want it to have at least four before it gets going, because the consequences of a cat that has only two or three feet and is moving could be quite complicated . . . In any case, I think that indulging in great illusions about an agreement among such prominent politicians is somewhat anachronistic in terms of what the country should be, with a vision of the future. This regime succeeded in bringing an entire younger generation into public life, and with a very different perspective than that of the traditional politicians. I think it is essential that these people be brought together behind a clear political plan. What is happening is that the effects of the economic crisis and the insufficient political response by the government to the adjustments that crisis demanded, caused those who had been very active during this entire stage to withdraw from political activity, or at least cut back on their participation in it. For example, look at those who were ministers under this regime. To my way of thinking, the Agreement would have to begin there: gathering together all the people who have been in this regime over the past 12 years, so that it can regain the initiative and its future vision.

[Question] That is another agreement . . . You would have to do it yourselves.

[Answer] Precisely. Except that it would not exclude anyone in terms of seeking minimal understandings with moderate democratic sectors--including the opposition--rather than with those who belonged to Popular Unity, from whom it is very difficult to expect any effective agreement on key issues.

[Question] More importantly, what would the purpose of such an agreement be?

[Answer] I think it must be an agreement for an orderly and peaceful transition to the full effectiveness of the 1980 Constitution, regardless of any modifications that may eventually be made in any of its precepts; but its fundamental rectifying and creative orientation would be preserved, and the timeframe set forth for the current presidential term would remain unaltered. That would also make it possible to revitalize all the economic-social modernizations that have projected Chile into the world of the 21st century in the past 12 years.

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CSO: 3348/238

CHILE

CHRISTIAN SOCIAL MOVEMENT LEADER ON POLITICAL PARTIES LAW

Santiago COSAS in Spanish 14 Nov 85 pp 36-37

[Interview with Juan de Dios Carmona, former senator and minister, by Angelica Arndt; date, time and place not given]

[Text] "I am a politician who fans himself with the results of labor union elections. And what happened in the Student Federation of Chile (FECH) is undoubtedly important, but it does not reflect the feelings of the country."

This assertion is surprising, coming from Juan de Dios Carmona, a man toughened by innumerable electoral battles in a past that now seems distant. Mayor, councilman, deputy for 3 terms, senator, . . . that was how he learned to win and respect votes. And when his life-long friend and correligionist Eduardo Frei named him minister of defense, economy and interior, successively, he climbed a few rungs higher on the ladder of party political power.

His activism in the Christian Democratic movement did not prevent him from dissenting, however, and he was the only one to vote against supporting Salvador Allende in Congress (1970) when his party debated the issue internally. Then came the military regime, and Carmona, an attorney, decided to cooperatte by working on the Constitutional Commission that drafted the 1980 Constitution.

Today he acknowledges that the Constitution "is unfamiliar to the vast majority of Chileans," and this worries him. Although he is far from agreeing that the document consecrates what many call "autocratic presidential power," he declares that he finds it "rigid," and that he would change, for example, some provisions referring to constitutional reform to permit its modification.

In 1976, when he accepted a position on the Council of State, the Christian Democrats expelled him from their ranks. But he no longer identifies so strongly with his former political associates: "They are wrong in advocating a confrontation with the regime to bring about the return to democracy. They are suffering from a leftist complex that paralyzes any action, saps their strength and leads to failure, knowing that they do not represent the majority of the country."

He is now a member of the Commission for the Study of Political Laws, and some point out the irony of a legislator who continues to reaffirm his "democratic vocation" every chance he gets, while he adapts to a lack of legislative transparency that is essentially "anti-democratic."

Absolutely Necessary

[Question] Do you feel that Chile is a nation at peace today?

[Answer] I think it is absolutely necessary to progress toward democracy, and in that way we would be able to begin a stage of much greater pacification.

[Question] In an interview with COSAS, you contended that it was necessary for "civilians to have access, without fear and without red tape, to a certain amount of participation in the formulation of the country's political life." What, specifically, would you suggest to promote that?

[Answer] I reiterate that at this time, it is absolutely necessary that we dispatch the law on political parties. It is absolutely necessary to establish a system for participation by the community and intermediate organizations of society; there is a principle and constitutional norms that govern this area. It is absolutely necessary that we proceed to form the municipalities and the regional development councils. I favor stepping up the institutionalization of the Economic and Social Council. I believe it is absolutely necessary to have more civilian participation at this time. I demand it, I support it, and I maintain what I have been saying for some time in this forum about this issue.

[Question] Do you subscribe to the provisions of the National Agreement?

[Answer] Only to a certain extent . . .

[Question] What do you object to?

[Answer] I object to a lot of things that are really procedural matters. I sincerely believe that they should not have tried to claim or assume that they had the consent of those who were the leaders of the Popular Unity government. If those people wanted real progress toward democracy in Chile, they should have made the sacrifice of not participating, much less raising their voices at this time, because no one believes that they have converted to democracy overnight. I think this is a very important issue, especially when it comes to bargaining with the government in the near future.

[Question] In other words, you do not credit any leftist who might visualize Chile's future in a framework that does not contain the errors of the past?

[Answer] As a Christian, I certainly have to believe those who repent . . . But when I read the statements, for example, of Briones, Maira and others, I see that they are the same things they said during the Popular Unity government. They are using the same tactics, trying to reach agreements so that they can turn around and do the opposite. They do not believe in democracy as a goal that must be achieved right now and that we must all agree upon. The country will suffer the most serious misunderstandings if each person continues to believe in his own utopia. We will never achieve coexistence that way. If, on the other hand, we had more open and pragmatic parties that had room for promotors of ideas, those parties would be able to bring about a national consensus very effectively right now.

[Question] But if we had had a flexible, open government with all the characteristics you demand of a party . . . Don't you believe that an example must be set in Chile now, and that that example has to come from those in power?

[Answer] You are asking a military government to function like a political and civilian government. That is precisely one of the points I believe the National Agreement should have taken into consideration! It should have started by determining what relations exist between the civilian and military spheres in Chile at this time. Unfortunately, we have been in isolated compartments, not just since 1973, but for a long, long time. The problem is quite deep-rooted, and in that regard the civilian must understand the nature of the regime and not expect a military government to behave like a civilian government, as your question implies. I think we will not make any progress if we do not grasp that fact.

[Question] But, on the other hand, don't you think that the military regime that has been governing the country for 12 years has a duty to realize that it is governing for civilians?

[Answer] There is no doubt whatsoever that it is governing for civilians; so we civilians simply have to try in every way possible to reach an understanding: first among ourselves, and right now the first step taken in the National Agreement is a positive development; and secondly, we must know what to do with that agreement. The big problem those who signed it face is that they don't know what to do with it, when actually they should try to relate to the military government, as should have happened from the first day.

[Question] But in whose name will they speak, if the parties are prohibited?

[Answer] The parties are not prohibited, because they are functioning; they are not being overseen, and they presume that they have a great platform in public opinion, when no one really knows whether they do or not. This situation in fact allows them to live just as they did in their heyday.

[Question] Many believe that only the communists are living as they did in their heyday, because they are adept at operating underground, and essentially they are the only ones who are in good shape right now. The student elections are proving this, arent' they?

[Answer] I am the one who battled the most fiercely for that. I am one person who has been able to talk, and in the many statements I have made during nearly 13 years, you will always find a constant, and that is that one of the first political laws that had to be promulgated was that of the political parties. I think that those of us who preferred the legal route to the violent route have been the victims of discrimination; we are seeing that now.

Rectify Transitory Provisions

[Question] Don't you believe that the Constitution of 1980 is becoming a wall dividing Chileans?

[Answer] No, . . . What I do believe is that the transitory provisions of the Constitution are very rigid. There is a very great confusion about that . . .

[Question] Who drafted those transitory provisions?

[Answer] They were added in the Junta. We drafted some transitory provisions in the Council of State, but they did not last. There are some transitory provisions that would undoubtedly have to be rectified to establish the appropriate environment for a transition to democracy. The Constitution of 1980 could pass any legal test with flying colors, and might even receive an applause for some of its parts.

[Question] The problem is that this Constitution appears to have been made to order for a president who is governing on the basis of force, because otherwise there are things that will not work in a true democracy. Let's look at the details: Before 11 September 1989, by unanimous vote, the three commanders in chief of the Armed Forces and the . . .

[Answer] You are talking about an aspect of the Constitution in which I did not participate. I don't like that norm either . . .

[Question] But in fact, the norm exists, and it must be enforced. So the Junta must unanimously propose a single person to the country, to serve as president from 1989 to 1997. I ask you, is it easy to select a single name? Why place the Armed Forces in such a difficult position? And what if the country continues to suffer from violence and anarchy?

[Answer] Unless we began a period of talks, in which we could make progress on certain issues, unless there were a real willingness to engage in dialogue.

[Question] There have been a lot of attempts at dialogue here, and to the extent that they fail, who benefits?

[Answer] There has been just one attempt at dialogue, and it failed because of the response of the opposition, which was totally absurd, to put it mildly. For example, they demanded the resignation of the president, the renunciation of the Constitution, and the formation of a Constituent Assembly, all on the first day of the dialogue . . . That's crazy! Foolish!

The communists do not want a democratic process for Chile, because they want a process that will enable them to Nicaraguanize Chile. We should be very aware of this situation, once and for all. The state of siege happened because of recurrent violence at all levels. During that era, the opposition was incapable of maintaining a firm hand and ending the violence so that a peaceful dialogue could be undertaken, which would have given it tremendous moral strength. That is the path that Chile has not tried, and I am tired of repeating it. It is an unprecedented path, one that no one has wanted to try because we have preferred conflict and confrontation.

[Question] Don't you also agree that it is unprecedented for the top officials of the Church to take the initiative in getting the National Agreement started? Because there can be no doubt of Cardinal Fresno's good intentions . . .

[Answer] No, I do not doubt the cardinal archbishop's good intentions, but I do believe that he has done things poorly, though not intentionally . . .

[Question] If we start by conceding that the government has had and continues to have problems, . . . let us say, problems of communication, as you maintain, because it is a military regime which uses strategies and tactics with civilians who behave differently; then, we had here a prominent person with a positive attitude who wanted to start from a new point, and yet that person--let's forget about the circumstances--was not accepted by the government either. The fact that the Church took the initiative was really an act of salvation, because the politicians had already failed on their own. And what's left?

[Answer] That dialogue failed precisely because some people approached it very ineptly. No one would doubt the cardinal's good intentions, least of all I, but it is true that in his recent efforts certain important omissions were made from the very beginning. Aside from any differences there might be with the Agreement, there are differences with respect to the way the issue is being set forth: People are being urged to join something that is just a beginning, and everyone knows for certain that to bear fruit it must be modified; nonetheless, we are told: "If you do not agree with this that means you repudiate it." I do not repudiate the Agreement, but I do not accept its rigidity, and I want to say a few things: We belonged to a few organizations or political forces that the cardinal outright failed to consider. Secondly, there is a refusal to recognize the Constitution, as well. I am not claiming they should adopt it in its entirety, but they should accept it so that it can be modified . . . There is no government in the world that can begin to deal with an issue when it is told that the Constitution to which it owes allegiance is no good. And for God's sake, it is good that the military feels obliged to obey this Constitution! They know that the military government will end and that a democratic system has to begin functioning, and it is good that the first obligation they have is to submit to it, that they feel they are its captives in the end. Finally, if they want to deal with the government, why haven't they even delivered the Agreement to it?

[Question] But it is a petition made by a group of citizens in public. Many governments receive public petitions. Do you think Mr Garcia would receive the Agreement to take it to the president?

[Answer] He certainly would. I think that there is the error. Sure he would receive it. But no one wants to take that step, because they don't want to be seen having any contact with the government.

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CSO: 3348/239

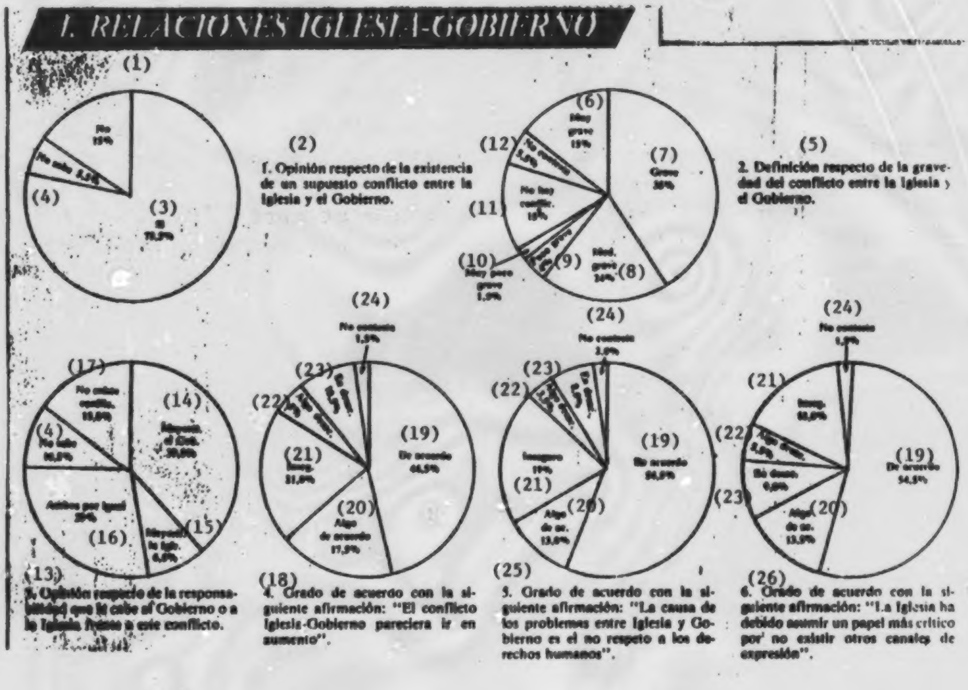
PUBLIC SURVEYED ON CHURCH-STATE RELATIONS

Santiago QUE PASA in Spanish 28 Nov 85 pp 47-48

[Excerpt] Methodological Public Opinion Poll

The public opinion poll was taken by ADIMARK during the first 2 weeks of October 1985.

The sample is of the probabilistic type, covering persons over age 18 residing in Greater Santiago households. Both the households included in the sample and the specific person in each household responding to the interview were selected using an aleatory method (at random), based on internationally accepted systems for this type of study. The total sample amounted to 200 persons. No a priori quotas of any kind were set.



I. RELACIONES IGLESIA-GOBIERNO

(2) 1. Opinión respecto de la existencia de un supuesto conflicto entre la Iglesia y el Gobierno.

(5) 2. Definición respecto de la gravedad del conflicto entre la Iglesia y el Gobierno.

(13) 3. Opinión respecto de la responsabilidad que le cabe al Gobierno o a la Iglesia frente a este conflicto.

(18) 4. Grado de acuerdo con la siguiente afirmación: "El conflicto Iglesia-Gobierno pareciera ir en aumento".

(25) 5. Grado de acuerdo con la siguiente afirmación: "La causa de los problemas entre Iglesia y Gobierno es el no respeto a los derechos humanos".

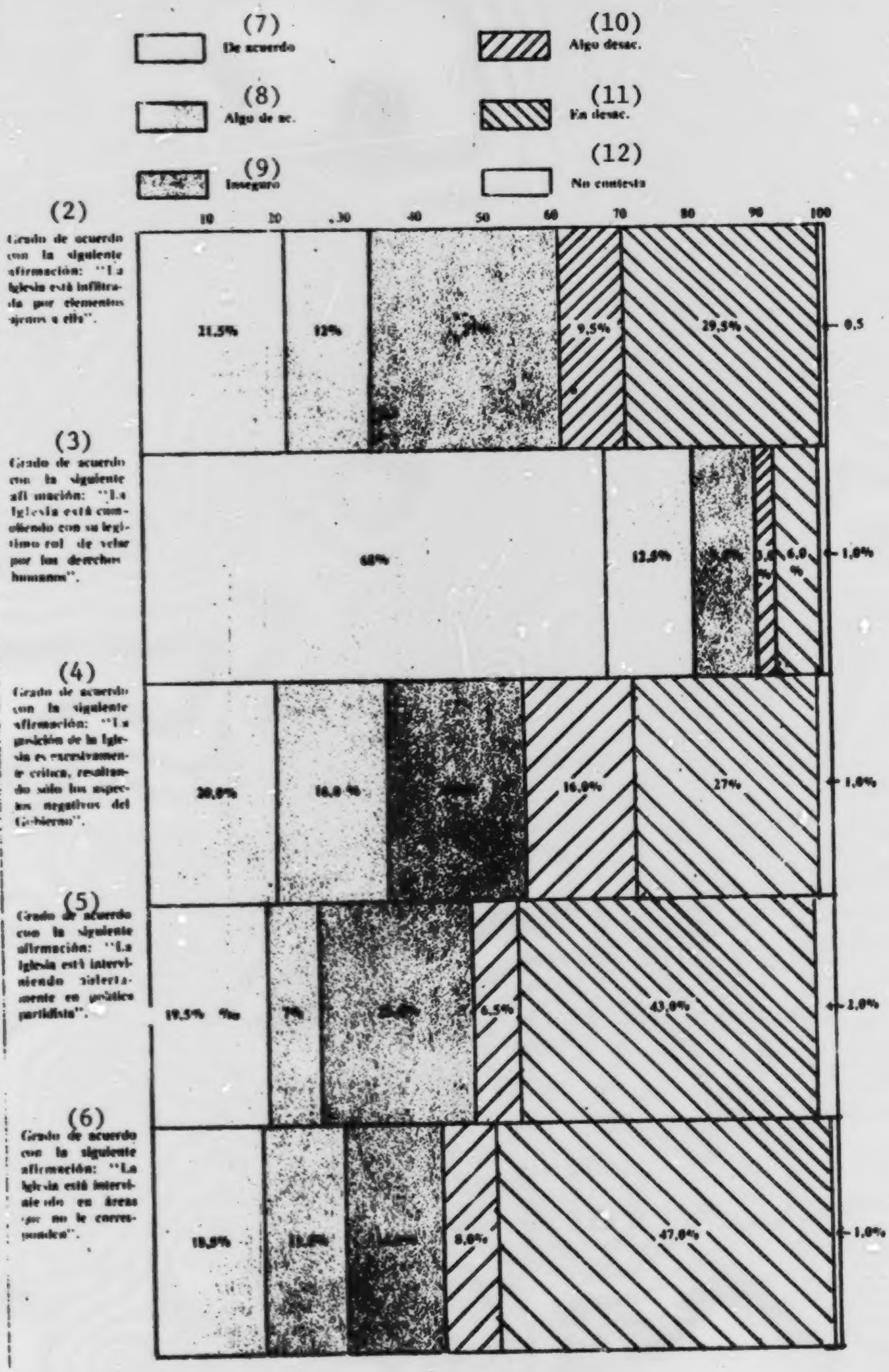
(26) 6. Grado de acuerdo con la siguiente afirmación: "La Iglesia ha debido asumir un papel más crítico por no existir otros canales de expresión".

Key to Chart 1:

1. Church-Government Relations
2. 1. Opinion on the existence of an alleged conflict between Church and Government
3. Yes
4. Don't know
5. 2. Definition of the seriousness of the conflict between Church and Government
6. Very serious
7. Serious
8. Moderately serious
9. Not very serious
10. Not at all very serious
11. There is no conflict
12. No answer
13. 3. Opinion on the responsibility borne by Government or Church for this conflict
14. Mostly Government
15. Mostly Church
16. Both equally
17. No conflict exists
18. 4. Extent of agreement with the following statement: "The Church-Government conflict would appear to be heightening"
19. Agree
20. Agree somewhat
21. Unsure
22. Disagree somewhat
23. Disagree
24. No answer
25. 5. Extent of agreement with the following statement: "The cause of the problems between Church and Government is lack of respect for human rights"
26. 6. Extent of agreement with the following statement: "The Church should have assumed a more critical role, since there are no other channels for expression"

(1)

II. JUICIOS VALORICOS SOBRE LA IGLESIA



Key to Chart 2:

1. Value Judgments Concerning the Church
2. Extent of agreement with the following statement: "The Church is infiltrated with elements alien to it"
3. Extent of agreement with the following statement: "The Church is playing its legitimate role as a guardian of human rights"
4. Extent of agreement with the following statement: "The Church's position is too critical, stressing only the Government's negative features"
5. Extent of agreement with the following statement: "The Church is overtly participating in partisan politics"
6. Extent of agreement with the following statement: "The Church is participating in areas which do not pertain to it"
7. Agree
8. Agree somewhat
9. Unsure
10. Disagree somewhat
11. Disagree
12. No answer

2909
CSO: 3348/261

CHILE

TEMUCO CATHOLIC UNIVERSITY STUDENTS GIVE POLITICAL OPINIONS

Santiago CAUCE in Spanish 12 Nov 85 pp 11-12

[Interview with Jorge Saquel, Francisco Munoz, and Manuel Vallejos, president, vice-president and secretary of the Federation of Catholic University Students, by Juan Jorge Faundes]

[Text] Temuco--Temuco is the seat of one of the most combative university student movements in southern Chile. Specifically, the movement is located on the campus of Catholic University.

Last September some 500 youths formed a long line right in downtown, across from the Court of Appeals. They stayed there during the entire court session, from 1030 to 1600 hours. They entered and left one by one. Their purpose was to deliver personally documents in which they claimed responsibility for participating actively in the day of protest on 4 September and demanded that they be arrested and held just like several other university students who were jailed under a government regulation.

"We were demanding that they be released unconditionally, because if we had not committed any crime by doing the same thing, then they had not done so either. Otherwise, we should all be jailed. After our action, the magistrate who was conducting the trial rescinded the arrest warrants and released them."

In addition, to express their solidarity with the university students, union members and social leaders who are imprisoned in Santiago, accused by the government of being responsible for the day of protest last 4 September, the students of Catholic University of Temuco staged a 12-day strike. The strike lasted a week after the release of the students. "We tried to show the dictatorship that the unity between workers and students would not be broken by the ruse of lifting the order only for the students."

During those 12 days, the youths at the university in Temuco held marches to the Regional Intendency, as well as cultural events and meetings on campus.

In August, the authorities of Catholic University named a new director for the Tamuco campus, Prof Yosuke Kuramochi. "Then we took over the university. The very day of the change in command. That time we mobilized against the procedure that had been used to designate the new director, not against him personally. We regard Prof Kuramochi as an excellent academician, as well as a humane person who understands our problems. We are happier with him than with his predecessor. But by taking over the university, we tried to show that we favor the democratization of the universities. We are for the participation of academicians and administrators, but also of students, although the latter would play a minority role."

Who are the members of the university student movement of Temuco, and what do they think? What is their view of national events?

We talked about this with Jorge Saquel, Francisco Munoz and Manuel Vallejos, the president, vice-president and secretary, respectively, of the Federation of Catholic University Students (FEUC) on the Temuco campus.

Socioeconomic Situation

In Temuco, a city of 220,000, the university students number 7,000. There are just over 5,000 at the Border University (former regional headquarters of the University of Chile), and 1,700 on the Catholic University campus.

"We have the lowest socioeconomic indicator of all the campuses of Catholic University," they said. "In addition, 67 percent of the students come from other provinces of the country. We even have fellow students from Antofagasta and Punta Arenas. That is why some of the most serious problems the students face here are food and shelter."

True, the university grants scholarships, but they are not enough. Moreover, according to the youths, they are distributed unfairly.

"We are all charged the same fee, both in the provinces and in Santiago. But there are big differences in the amount of the scholarships if we compare Santiago to Temuco. In Santiago the residence grant totals 7,000 pesos, and the food grant amounts to 4,500 pesos. Here in Temuco, on the other hand, the residence grant totals 2,500 pesos and the food grant 2,000."

That is why the 12-day strike called not only for the release of the jailed students and union members, but also included a series of demands in which FEUC-Temuco urged an increase in the amount of the residence and food grants, funds for the clubhouse and student houses, and improvements in health care.

"After making these demands, we even went to Santiago, where the rector is. But the only response he gave us was that the solution was out of his hands. That is why we are now making these demands to the Ministry of Education."

End of Dictatorship

FEUC-Temuco, which has enjoyed widespread support for its mobilizations among the student body, since the principal mobilizations are decided upon democratically through plebiscites, is certain that the solution to the students' current problems and demands lies in the end of the dictatorship of Augusto Pinochet and a return to democracy in Chile.

"First of all, as the rector told us, the solutions are not within the power of the university, but that of the Ministry of Education. And the Ministry of Education follows the policies dictated by Gen Pinochet.

"Secondly, we are absolutely certain that all the problems within the universities could be solved, would begin to be solved, with a change in the system at the national level. We know that democracy is not a magic wand. But we are also aware that with the advent of democracy and the concerted effort of everyone, a process of solutions could begin.

"That is why," add the student leaders, "we in FEUC signed the National Agreement for Transition to Full Democracy. We see the National Agreement as a conduit, a very important step as a consensus of the forces of the center-left and the organic forces of the right. We believe that the Agreement should join together all the forces that oppose the regime."

[Question] The Popular Democratic Movement (MDP) as well?

[Answer] The MDP has already given its response to the Agreement. They would sign it with respect to the implementation of the immediate measures. We believe that is a step forward. We hope that the comrades of the MDP will sign the document as a whole.

The leaders of FEUC-Temuco described themselves as Christian democrats, both activists and sympathizers. We asked their opinion of the role that the Communist Party should play in the future democracy.

"We believe that now, in the struggle against the dictatorship, we should all be united. From the Communist Party to the democratic parties of the right.

"In the future democracy, it is also very important for them to be present. They represent a sector of the country that also has a right to express itself. That is the way democracy works. The key is for all parties to follow the rules of the game of democracy, and for anyone who violates those laws to be duly sanctioned, also according to the rules of democracy.

"We believe that ideas should be confronted with ideas. We do not agree with the exclusion of the Communist Party because it is a form of repressing ideas, and we cannot countenance that."

Violence Strengthens Pinochet

[Question] What do you think of the Manuel Rodriguez Patriotic Front and of those who, like them, proclaim the value of armed actions to put an end to the dictatorship and return to democracy?

[Answer] Clearly no kind of violent action, no matter where it comes from, will aid the return to democracy. We believe that demanding democracy through armed confrontation is just one more way for Gen Pinochet to perpetuate his power. Hence the value we see in the National Agreement, in which many sectors had to give up legitimate interests and positions in order to join together.

[Question] Andres Zaldivar wrote a few days ago in EL MERCURIO that Chile is now in a similar situation, although with a few differences, to that which preceded the fall of Somoza in Nicaragua. He was referring to Pinochet's rejection of the civilians' agreement, supported by the Church, which could justify an armed struggle against a dictatorship that refuses to engage in dialogue and negotiation. What do you think?

[Answer] It is true that we are running out of peaceful means of struggling for a return to democracy. First there was the failure of the so-called political liberalization. Now Pinochet refuses to accept this National Agreement, which is supported by Cardinal Juan Francisco Fresno. We must acknowledge that after this, there are not many peaceful ways or means left to achieve the end of the dictatorship and the return to democracy. Nevertheless, we feel that the historical, social and cultural contexts of Chile and Nicaragua are very different. We have a different political culture, because we had a democracy for 120 years.

"We Have Lived under a Dictatorship"

[Question] How do you explain the fact that you, who were mere children the day of the military coup, are now struggling for a democracy you never knew, but only understand vicariously through books or other people's experiences?

[Answer] We spent almost all of our childhood and youth under a dictatorship that has not allowed us to think freely or to express our opinions freely. Neither in secondary school nor in the university have we been free to elect our own leaders. But we could see our fellow students suffering from hunger, with problems of food and shelter, and many of them were the children of workers and the unemployed. Then the Chilean Anti-Communist Association (ACHA) in January of last year killed our comrade in basic education, Manuel Melin. Then all these things began to come together, and some began to develop a critical consciousness. Then meetings were called, and we discussed and analyzed these problems with our fellow students. More and more people began to join the ranks, and finally we had a strong and well-developed student movement such as this. That is why we now believe that the important thing is to fight for a democracy without labels, one that unites the opposition to the dictatorship now, and that can continue growing in the future when we are given a chance to lead the country.

8926
CSO: 3348/238

CONSERVATIVES OBJECTED TO APPOINTMENT OF NEW U.S. AMBASSADOR

Santiago COSAS in Spanish 14 Nov 85 pp 12-13

[Interview with Genaro Arriagada, Christian Democratic leader, by Angelica Arndt; date, time and place not given]

[Text] The English expression "one man orchestra" describes a person who could wield the baton and also play the piano, flute and drums in an orchestra. In other words, a multi-faceted person. That is how I see Genaro Arriagada when he talks of his activities as an academic researcher at the Economic Research Corporation for Latin America (CIEPLAN), a radio executive at Radio Cooperativa, an executive at Editorial Aconcague, a politician and ideologue at the head of the Christian Democratic movement, an author of books and essays, and an amateur journalist when he wants to convey his thoughts more directly to the public. He is a soft-spoken, kind, relaxed man with an alert, penetrating and intelligent gaze. His profound knowledge of the most important issues, all bound together with the subtle thread of politics, enables him to discuss matters such as national security or insurrection with unique clarity. When the subject of relations between the United States and Chile came up, Genaro Arriagada seemed to be the appropriate person to interview. He is not unknown in the intellectual and academic circles of the United States, where he spent a year as a fellow at the Woodrow Wilson Center engaged in postdoctoral studies. He has given lectures at the universities of Yale and Princeton; and Harvard, the intellectual mecca of the East, published his essay titled, "The Ideology of the Military in the Southern Cone."

[Question] From a broader perspective, will the anti-communist struggle of the Chilean government be seen in a favorable light by the Reagan administration?

[Answer] In U.S. society there is a clear awareness of the monumental error that was McCarthyism. Senator McCarthy claimed in the early 1950s that his country was threatened by a communist plot, and the anti-communist struggle was actually used as a pretext for committing crimes against individuals. Censorship was practiced, intellectuals were persecuted, and all kinds of abuses were perpetrated. So it is difficult for the United States to understand, at least within the context of its own society, what is involved in the kind of anti-communist struggle that is being waged in this country.

[Question] Do you believe that the U.S. Government does not understand what is happening in Chile, or simply does not care?

[Answer] In general, governments tend to use a double standard, in the sense that in their national policies they are very protective of certain values that they trample in their international policies. This dichotomy can be found in the case of the United States. Now, the problem the United States has with the Chilean Government has numerous facets: First, they raise the banner of human rights, which they do not use to bother Pinochet but to wield against the Soviet Union to serve a "real politik" objective. Thus, if the U.S. Government denounces the violation of human rights in the Soviet Union and the Eastern European countries, it must also be harsh in condemning the violation of human rights by right-wing dictatorships, because otherwise its policy would be morally inconsistent.

[Question] But in fact, such is not the case . . .

[Answer] Of course it isn't, because unfortunately, during the first Reagan administration the United States applied a double standard; it was very hard-nosed in condemning human rights violations in the socialist world, while adopting a discreet "quiet diplomacy" with regard to violations committed in other places.

End to "Quiet Diplomacy"

[Question] Would you say that relations between the United States and Chile have chilled recently?

[Answer] Two stages can be discerned in the Reagan administration: The first, which I would say coincided almost completely with his first term, lasted from 1981 to 1984. The Chilean Government was accorded extraordinarily favorable treatment at that time, because policy was influenced by Mrs Kirkpatrick, and because there were people who were very sympathetic to the Chilean Government despite a certain concern for what they termed "its excesses" . . .

[Question] Jeanne Kirkpatrick says that dictatorships are reprehensible but inevitable . . .

[Answer] She makes a distinction between totalitarian and authoritarian regimes . . . and naturally, according to that perception, she contended that a totalitarian regime such as that of the Soviet Union could not be regarded the same as an authoritarian regime such as Chile's, which would eventually move toward democracy. Consequently, there was a justification for treating the Chilean Government differently, deferentially. So if one looks at that era, one finds Jeanne Kirkpatrick; a man such as Tony Motley, who was deputy secretary for Latin America and was clearly sympathetic to the Chilean Government; and in the U.S. Embassy in Chile a highly conservative intellectual such as James Theberge. That was a time when the Chilean Government had a very good opportunity to maintain good ties with the White House.

[Question] Even though the certification did not come through and the arms embargo continued . . .

[Answer] The lifting of the arms embargo had to be decided by Congress, so it was difficult or even impossible. But I think that at a given moment, the U.S. Government believed in the success of its policy during the liberalization period, and despite that failure, throughout the following year the U.S. Embassy continued to urge cordial relations with the Chilean Government in the sense of not pressuring or bothering it. Obviously, the situation changed in late 1984 and early 1985 . . .

[Question] With the state of siege?

[Answer] The effect of the state of siege was to do away completely with the "quiet diplomacy."

[Question] What significance did the replacement of Motley with Abrams have?

[Answer] As he stated openly, Motley fully believed that the Constitution of 1980 should prevail in Chile. As for Elliot Abrams, he is a man who in the past has expressed profound concern about the handling of basic human and political rights by the Chilean Government. In the context of this change, Ambassador Theberge also left. He is known as an arch conservative in U.S. academic circles, and was replaced by a top-ranking career diplomat. . .

[Question] What do you know about Ambassador Barnes?

[Answer] In March 1985 I was in the United States at the invitation of some academic institutions. At that time, the press was covering the controversy between Motley and Elliot Abrams, who was deputy secretary for human rights. Abrams and some liberal elements within the State Department were pushing Harry Barnes as ambassador to Chile, while Motley, Senator Jesse Helms and other conservatives of the U.S. "establishment" were requesting that conservative Thomas Aranda be named (I think he is now ambassador to Uruguay). That dispute spilled out into the press, so it is known that Barnes' nomination was opposed by the most conservative groups, who consider him too liberal for Chile.

[Question] Now, what does it mean for a U.S. ambassador to come from India, which I understand is the fifth or sixth most important and prestigious embassy, and go to Santiago, Chile? Does it mean that Ambassador Barnes is being given a less important assignment, or that Chile and its problems are being given greater importance?

[Answer] There is no doubt in my mind that this is in no way a "capiti diminutio;" rather, I would say that the Chilean regime has become a source of profound concern for the Americans, who through bitter experience have learned that nothing can be more favorable for the development of the Communist Party, for the establishment of a zone of East-West conflict, or for the development of a prolonged guerrilla war, than a right-wing military dictatorship.

[Question] With respect to the American conservative groups that are changing their minds about the Chilean Government, one intellectual who was in Chile and made many studies of our country is Mark Falcoff. He has written a major article that was published recently, and there he points out that Chile's life is practically at stake, and that if things remain the way they are, it will almost inevitably fall into communist hands.

[Answer] Well, Falcoff is a very interesting case. First of all, he is a very intelligent and honest conservative; he is a researcher for the American Enterprise Institute and has written quite a bit about Nicaragua and the fall of Somoza. I find it interesting that this man, who has also written about Chile and has spent time here, who knows about the Popular Unity experience and has written uncompromisingly about Salvador Allende, believes that the policy of the current government is an error from top to bottom in its treatment of the Communist Party problem. It is also interesting that he should warn that this government is leading us to make the communist threat a reality.

[Question] What do you expect Ambassador Barnes to do?

[Answer] All my life I have opposed any kind of intervention; I think that there should be respect for the sovereignty of nations, but I also think the world should be a community based on respect for certain values, basic human rights, basic political rights. And this becomes a problem for the United States, in this sense: If it claims that its policy is based on the promotion of certain values and that it wants those values to be respected in Poland or Cuba, then obviously it must also be concerned about Chile.

American Contradictions

[Question] Some American experts criticize the Reagan administration for not having a specific policy on Latin America. Do you agree with them?

[Answer] Early in his administration, President Reagan did not have a policy on Latin America as a whole, but rather on specific areas. U.S. officials focused on a problem in the Caribbean, a privileged relationship with Brazil, Venezuela, Mexico and to a lesser extent Argentina, and they did not care a great deal about the other countries. In Chile's case, extraordinarily contradictory signals were sent. On the one hand, Elliot Abrams expressed his concern for human rights, while on the other hand Motley pointed out that the country "was in good hands." This dual situation was quite beneficial to the Chilean Government. Now, my impression is that as of this year, we have had a different situation in which the U.S. Government is beginning to express very serious consternation about what is happening in Chile.

[Question] What real influence does the United States have on Chile at this time?

[Answer] The difference between a colony and an independent country is that in a colony, the dominant power changes the governments at will, and I am proud to say that this country is no colony. The United States does not have enough influence on Chile to change its government. . .

[Question] Looking at all the possibilities of what can be expected for Chile, our government, and the U.S. authorities, do you believe that things could be different if Reagan is succeeded by a Democratic president?

[Answer] Experience shows that the Democratic administrations are sometimes more interventionist than the Republican ones. I hope that Chile's problem does not get out of hand and have to be solved by anyone other than ourselves. And the great risk inherent in this increasing polarization is that many people may be interested in sticking their fingers in the pie. I do not want us to suddenly come up against guerrillas financed by a foreign power on the one hand, while on the other hand we have intervention by conservative military elements in the United States, actively striving to keep the army in power.

[Question] How would you address the new U.S. ambassador? What warnings would you give him about errors or omissions in the past?

[Answer] The first thing I would tell him is that one hopes that the United States will have a consistent policy. If its policy is to talk business, then let it discuss business here, in Nicaragua, in Afghanistan, and in Poland. Let it trade with everyone, regardless of who they are, but let it treat everyone equally. On the other hand, if the U.S. policy has any ethical content, let it be true to the values and principles it claims to uphold. I think that being consistent with those principles is an obligation in the context of a policy that claims to have a moral foundation. And that is the United States' problem, not ours.

[Question] How would you describe Chile's situation to Ambassador Barnes?

[Answer] Chile's great tragedy is that we have a government that is very strong in terms of its control of state power; it has strong backing from a united, obedient military that does not get involved in political matters; whatever conflicts exist within the government are minor, more a question of dislike than conflict; and there are no disputes between the branches or functions of the government. So, from the state's point of view, the regime is very solid. The problem is that if one leaves public buildings and goes out into the street, one finds a situation that reveals how isolated the government really is; if one looks at the political parties, everyone from the nationalists to the leftists is in the opposition; among students, the government does not exist as a power; among professionals, the same is true; in the labor movement, it does not exist as a power. If one looks at what has happened with the Catholic Church, an institution with a tremendous moral power, one sees that in 2 years the government has entered into a conflict with the Church that is totally unprecedented. Thus, we have a government that is firmly entrenched in in the power of the state and the power of the army, with an opposition that is winning control over the social movement; its international isolation is more serious than ever before; the new beginning of the first Reagan term was wasted and a distancing is now taking place; and the alienation of European governments is very strong. In view of these circumstances, I see an extremely difficult situation for the country in the near future.

[Question] And what would you say about the National Agreement? That it failed?

[Answer] I would say that here, in the opposition, there is always a tendency toward sadomasochism, shall we say, or self-destruction, and everything fails. But if in November 1983 one had said that it would take 24 months for everyone from Lucho Maira or Carlos Briones to Francisco Bulnes and Andres Allamand to sit down at the same table, people would have said it was impossible. And that has happened in 2 years. So for me the National Agreement represents a long process, a willingness to join together despite differences, in the search for an honorable solution for everyone. The National Agreement will inevitably have its ups and downs, but it is just a stage within a process that began long before the National Agreement was signed.

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CSO: 3348/239

STUDY ANALYZES POLITICAL, ECONOMIC ASPECTS OF SANTIAGO SLUMS

Santiago MENSAJE in Spanish Dec 85 pp 502-505

[Article by Eugenio Tironi; passages enclosed in slantlines printed in boldface]

[Text] Like a rite that has attained almost sacred inevitability, the city of Santiago is periodically racked with outbreaks of violence and repression in the slums that surround it. When night falls (with the darkness reinforced by strategic outages), it looks as if a monster has awakened and no one can ignore its presence. The military and police forces sometimes try to intimidate it, but they concentrate their efforts on containing its propagation, confining its mobility to the perimeter. It must be noted that the objective in South Africa is no different: to prevent the uncontainable unrest of the blacks, forced to live in homelands from which they cannot leave without authorization, from spilling over into the white-only zones and endangering the apartheid system.

In Santiago, however, the "protest" sometimes manages to cut off the highways that link the city to the rest of the country, and even access to the international airport is uncertain on those occasions. At such times, the entire society is shaken by the specter of the slum-dwellers. Held captive by conflicting sentiments, ranging from expectancy to fear, the people return silently in the evening to take refuge in their homes, furtively observe the almost ceremonial actions of the youths, prepare for the moment when the power will be shut off, and await the new day, when the rite will have ended and the residents will return to their forced anonymity.

The "agitation in the slums" (the euphemism with which the press has dubbed it) undoubtedly poses one of the greatest challenges to the prevailing social order, and to any that can be imagined in the future. The regime's attempt to establish a social regulation based on the freedom of the market put a brutal end, offering nothing in exchange, to the processes of integration and social mobilization that had been developing gradually in Chile over almost a third of a century. The turbulence among slum residents reveals the exclusion that the poorest Chileans feel, their indignation at being stripped of their civil rights, and their sense of impotence (especially among the youngest) in the face of the discrimination to which they seem to be doomed.

Behind this phenomenon, then, there is much more than "political agitation," as some people try to argue. For this reason, an agreement among political party leaders will not put a stop to it, although this might be a factor contributing to its elimination in the long run. In other words, the neo-liberal contractualist illusion cannot be replaced with another of the same ilk: that social cohesion will automatically result from the conclusion of a political pact. The specter of the slum-dwellers has the invaluable virtue of making Chileans see in their daily lives the problem of the sociological conditions of democracy, or to put it differently, the burning question of social integration.[1]

Based on this type of reasoning, a few months ago we began an exploration of the urban ghettos, asking ourselves--in a slight contradiction of the accumulated evidence--whether it is possible to speak of slum dwellers as a social actor.[2] It was certainly not a question of adopting a voluntarist approach. On the contrary, nothing is further from our spirit than the populist mythology that regards the "people" per se as a social protagonist which even has a conscience. The results of the research are still preliminary and partial. Still, we can venture some remarks about the "assertive" and "community" orientations of what, by convention, we will continue to call the slum-dwelling population. We would especially like to note how the clear differentiation of this population is itself proof that there is no social actor in this sphere.

Frustration of Slum Leader

The first thing that captures one's attention is a kind of "slum leaders class," which is overcome with frustration today because it feels both deprived of influence (compared with the public powers and the political parties) and abandoned by the people, the rank and file slum dwellers.[3]

This has been true of leaders for many years (in the labor union, the Neighbors' Council, the JAP, the Debtors' Committee, . . .). Leadership is not a temporary condition, but an ordinary activity that involves profound personal motivations. The leader regards this condition as a vocation identified with the "development of the community," not with politics in a partisan or ideological sense. Despite the misunderstandings, the leader does not want to abandon his function because it gives him access to a modest gratification: escaping segregation, even if minimally, reducing social distances, making him stand out from the rest of the people. His principal objective is social integration itself. The privileged target is the state; his relationship with it is contradictory, because on the one hand it is the antagonist that denies him the resources he needs for that goal, and on the other hand it is the ally the leader needs to build and maintain his ascendency over the people. Another mainstay is the political parties, whose support increases his bargaining power with public officials. Politics and democracy, in this sense, are conceived as open systems for the processing of demands. The experiences of the past, however, make politics a field of resentment and recriminations. Perhaps this is why leaders have the illusion that an understanding among politicians would create "unity among slum dwellers."

But these common features do not fully describe the ghetto leader. There are internal differentiations which can be used to devise a kind of typology. There is the /negotiator/ leader, who takes a pragmatic approach to solving problems (cases) of an individual nature on the basis of efforts at the top, completely independently of the political parties. Then there is the /community/ leader, who is concerned with the advancement of entire families and consciousness raising beyond the divisiveness created by the parties. There is also an /assertive/ leader, who pragmatically pursues solutions (like the negotiator) but who organizes the rank and file to increase their bargaining power, involves the parties as a means of support, and blames problems on the "system." Finally, there is the /activist,/ the leader who ignores immediate individual problems, plays a pedagogical role among the people to make them understand the structural causes of their deprivation, and gives top priority to their political mobilization according to partisan orientations.

All these motivations for action, however, result in the frustration of ghetto leaders today. The negotiator cannot offer solutions, because they are few in number and they go directly from public distribution to the slum dweller. The community leader, on the other hand, has no access to resources to foment the "advancement of the people." The assertive leader cannot find in the state an interlocutor to sit at the bargaining table with him, or an organized rank and file or any political support to serve as instruments of pressure. Finally, the activist cannot generate conflictive situations; when they do occur, they are the result of national circumstances beyond his control (the "protests," for example), or they are outbursts unrelated to any political issue, such as the explosions or the mobilization of women to prevent the elimination of milk donations at medical offices last June.

The authoritarian regime, the exclusion and the economic crisis have all contributed to the crisis in vindicative actions. This crisis is felt the same, for the most part, by unions and ghettos. Neither the state nor the people are receptive enough for the leader to play his traditional role as articulator. He is most affected by the indifferent reaction of the people to his appeals, their ingratitude to his efforts. The feeling of abandonment also applies to the political parties, who have left these leaders alone in recent years. The Church, in contrast, has never abandoned them. They bitterly compare their fate to that of the union leader, who has won a slot in the political opposition class, and hence political leadership among the masses. The slum leader knows that his survival is linked to his ability to use politics,[4] but without the record of the labor movement it is difficult for him to gain access to this resource.

Retreat of the Community

But there are other reactions to the crisis in vindicative actions, too. There are strictly individual reactions: the abandonment, for example, of any public function. There are also the non-conformist reactions, such as apathy or delinquent adaptation, and there are collective but defensive reactions, such as the reconstruction of secondary communities (beyond the family). The latter is a trend that has attained significant proportions, and some prudent comments can be made about this phenomenon on the basis of our research.

Without a shadow of a doubt, it is possible to speak of the resurgence of the community in the ghetto (and certainly not just there). These people basically identify with non-institutionalized guidelines for collective action, with a strong dose of religion (Catholic and evangelical), and, in many cases, with a differentiation between the ghetto world and "middle class values." This is surely a reaction against the disruptive processes involved in the attempt at mercantilizing social relations, which, as we said, meant the curtailment of the processes of social mobility that took place in the decades prior to 1973. Resorting to the community responds to a search for protection in fundamental certainties, in merging with one's peers, in emotional attachment, ethics or history. It is, in this sense, a rejection of the kind of modernization that this regime has promoted and a compensation for the vacuum left by the elimination of the "advancement of the people" model.

P. Saball and E. Valenzuela have distinguished the various forms this community resurgence has adopted.5 One of them is /prophetic or ethical/ communitarism, with an eminently affective identity that rejects institutional mediation and politics as a rational activity aimed at specific goals. Its basic principle is the defense of human rights against the actions of any power; its final redemption is total communitarism; the individual paradigm is prophetic sacrifice (testimony). There is also a /workers'/ communitarism, which rejects both the corporativization and the politicization of labor union activity, and recalls nostalgically the united labor movement that was organized on the basis of the ethical value of labor in the face of a decadent capitalist world. The /evangelical/ communitarism is expanding rapidly among those ghetto residents who are the most thoroughly excluded and disintegrated. This movement appeals to faith as the only hope of salvation from the hostility of history, in view of an existential situation of disorder and poverty. Finally, there is a more /political/ communitarism, which aims at realizing frustrated hopes of social mobility through Christian populism.

The limits of these different forms of community action are clear to their own protagonists, with the exception of the evangelical or pentacostal variation. These restrictions are especially clear in situations of maximum mobilization and politicization; particularly evident are the limitations of community action in terms of democratic transformation and stabilization and its irreparable incompatibility with the institutionalized world, and among the masses themselves, with the political parties. Putting ethics ahead of politics bears an inherent risk of pushing people toward fundamentalist behaviors; but communitarism is also a movement of moral criticism and social experimentation that could be very healthy for a future democratic order. Its limitations, however, are now leading to a painful, but inevitable, revamping of the communitarist movement.

Recourse to Violence

Social action among the urban masses is polarized between the heteronomous activity of assertive leaders who lack the means to be effective and to reproduce their representativeness, on the one hand, and on the other hand, a defensive communitarism, in some cases indifferent and in others impotent, and in still others reactive to politics. These two polar orientations, finally, are internally differentiated. All of this implies that a common hostility toward the regime is not giving rise to a popular social movement that is compatible with a process of democratization.

In fact, the crisis of vindicative action and the limitations of communitarism are leading to a phenomenon that reveals an even more severe situation of decay: violence in its political and social forms. Violence is a response to a dual schism: that between the political class (into which the assertive leaders wish to retreat, as the labor leaders did) and the community life that daily rejects politics; and that between the ghettos (a sort of homeland where the urban poor are confined) and the rest of society, whose cohesion depends increasingly on this geographical and social discrimination.[6]

Between community and politics, between the slums and the rest of the city, there is just a vacuum which tends to be filled with violence (especially on the part of youths). Police repression does not act like a dam; the only thing it accomplishes is to make the distance more devastating. The only force capable of containing this violence is the Church, an institution that bridges these two worlds and thus shortens the distance and reduces the vacuum. In this regard, the priests play a decisive role; their authority is recognized by the slum dwellers, because they have stood by these people unconditionally. Moreover, they have the means to overcome the segregation and connect the ghetto residents with the rest of society.

Conclusion

The "agitation of the slums" is a mere ghost of the popular social actor that was once known in Chile, the master of a historic project identified with the state, industry and democracy, who was internally coordinated with the workers and who, finally, acted in broad daylight. At first glance, it would appear that there is no popular demand for democracy here, nor any guarantee of support.

One condition of democracy, then, will be to bring the slum dwellers out of their ghost-like state and enable them to become a social actor. The political class, therefore, must take on the task of mobilizing them, not manipulating this mobilization according to narrow power strategies or regarding it as a "threat" to their often elitist coordination projects. The parties cannot have eternal faith in the role of the Church; they are the ones who must face the violence that is filling the vacuum between society and the ghettos. In forging this link, the leaders who emerged from the unions and the slums must play a decisive role.

FOOTNOTES

1. E. Tironi, "The Problem of Democracy," MENSAJE No. 339, June 1985.

2. Participating in this research were: E. Valenzuela, V. Espinoza, P. Saball, F. Echeverria, and the author. This study was conducted by SUR by agreement with the Center for Analysis and Sociological Intervention of the EHSS in Paris. Sociologist F. Dubet participated for the French.

The research material is contained in the SUR Working Documents Nos. 44 through 48. With regard to the method used ("sociological intervention,") see A. Touraine, "Le voix et le regard," Paris: Le Seuil, 1978.

3. E. Tironi, V. Espinoza, F. Echeverria, "Assertive Action," SUR: Working Document No. 47, 1985.

4. This phenomenon was noted by V. Espinoza, "Slum Dwellers in Politics," SUR: Working Document No. 27, 1985. As we found in our research, the "negotiator" and "assertive" type leaders turn to politics in keeping with a pact-oriented reasoning, the former primarily for social considerations and the latter for political considerations; the "communitary" and "activist" leaders are more likely to advocate a "union of the people" or a "union of the class."

5. P. Saball, E. Valenzuela, "Community Action," SUR: Working Document No. 48, 1985.

6. In the last 5 years, about 150,000 people (the equivalent of the population of Talca) have been "eradicated" in Santiago. The policy of "eradication" consists basically of confining the poorest sectors, who used to live in camps embedded in geographical zones higher up on the social scale, to the outskirts of the city (Communication from A. Rodriguez).

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CSO: 3348/286

LAGOS: DEBT STRATEGY MUST INCLUDE POLITICAL CONSIDERATIONS

Santiago MENSAJE in Spanish Dec 85 pp 511-514

[Article by Ricardo Lagos]

[Text] The key point in defining the strategy of Latin American governments in their renegotiation efforts with the creditor banks and the International Monetary Fund (IMF) is the idea that the debt problem is political in nature, and not exclusively financial.

The debt cannot be paid strictly according to the original terms; the current renegotiation schemes render self-sustained growth in the region impossible for many years. The restructuring of the debt that has been underway since 1983 will not solve the underlying problem, either. The renegotiation plans that delay principal payments and bring in new money for the payment of interest only put off the problem, and actually aggravate it over the long term. In other words, all of the sacrifice involved in accepting the IMF program does not attack the problem, but simply postpones it. To make matters worse, social tensions increase, the per capita GDP falls, and nothing is resolved. All the parties involved (private banks and other negotiators) are aware of this. What is the reasoning, then, behind these negotiations?

This phenomenon is reminiscent of what happened during the Depression of the 1930s, when Latin American countries lost nearly all their gold reserves awaiting the automatic adjustment that was supposed to happen--according to the gold standard theory--to balance external accounts. Some have contended that the countries which adhered to economic orthodoxy the longest were the ones which lost the most; in the end, all of them had to abandon those principles for heterodox formulas.[1] Today something similar appears to be taking place: We are applying the IMF's prescriptions in the belief that they will help us solve the problem, even though several studies indicate that this will not happen. For this reason, changing the economic approach requires a willingness and political consensus on the part of everyone involved.

There is another reason why it is imperative that the public sectors of the creditor and debtor nations participate in the negotiations. The participation of the debtors is necessary as a way of ensuring that local development is preserved; that of the creditors is needed to prevent the collapse of the financial system. The latter is especially true, given that the creditor banks must necessarily suffer losses. These losses are, to a large extent, attributable to excessively liberal lending policies and a pro-cyclical attitude on the part of the banks when the Latin American crisis began to emerge. The renegotiation on political terms can only be obtained if the Latin American governments come together on this issue.

Finally, there is a third reason that points to a political approach--that is, a government-to-government approach--to the problem. It is impossible to continue thinking of sovereign nations as ordinary debtors who are subject to the jurisdiction of foreign courts and whose assets are subject to seizure. One aspect that has received very little attention is the juridical relations between private banks and sovereign states. The former had been reluctant to enter into this kind of transaction in view of the different legal status of the parties. Then, faced with the need to recycle petrodollars, the banks decided to ignore these legal details and rush headlong into the lending frenzy that is now well known. Aside from the political responsibility incumbent upon the authorities of the creditor banks' home countries, and their duty to impose monetary controls to deal with this liberal credit policy, the prevailing legal situation requires a negotiation between states to grapple with this thorny issue. The best proof of this assertion is that the countries which are already in default have been "conveniently" forgotten, since it is clear that the measures that would be taken against an ordinary debtor cannot be taken here. This matter requires a very careful analysis if decisions are to be made on solid grounds. And with some exceptions,[2] there is very little material to work with in the search for equitable solutions.

Principle of Coresponsibility

If the negotiation must be political, then it should begin with a clear diagnosis of the problem. Only after this exercise can any progress be made toward "technical" solutions. This is why:

The "problem" of the foreign debt is due to the great amount of international liquidity in the 1970s. This liquidity had a variety of origins, but the primary one was the need to recycle the petrodollars from the OPEC countries.

What steps did today's creditor nations take to deal with this situation? Practically none, which, in view of the circumstances, implied a fundamental change in international financial relations. These countries did, of course, share in the increased profits earned by international private banks, through taxation. But there was no effort to control the major flows of dollars (and the mushrooming of the dollar market) that took place in the 1960s and 1970s. And this is the root of the problem, because the difficulties countries were having in meeting the higher cost of petroleum were accompanied by greater liquidity in private banks, to which they could resort for funds.

The capitalist countries' responsibility for this problem was aggravated by the economic measures they themselves adopted (looking out for their own short-term interests) to cope with the oil price hike. These policies restricted economic growth, protected domestic markets from international trade, and created budget deficits as a result of the arms race. They had an explosive and devastating effect on our economies, which translated into lower exports to the developed countries and higher interest rates. The latter is a new phenomenon that resulted from the new financial methods used by private banks, unlike any used in the past. As of this writing, a report has just come over the wire indicating that Latin American exports fell by 14 percent in the first quarter of 1985 due to the sluggish growth of the U.S. economy. The economic growth of the developed countries and their interest rates have profound effects on the region's payment capacity, and therefore on the alleviation or exacerbation of external restrictions, which are the principal bottleneck for economic development in the region today.

In short, /a political negotiation should begin, with acceptance of the principle of coresponsibility for the debt problem,/ [passage enclosed in slantlines printed in boldface] in terms of both its origin and its aggravation as a consequence of the economic policy pursued by the developed countries. The above does not imply ignoring the errors and responsibilities of the Latin American administrations, which are myriad; it simply places the facts in an equitable perspective.

Institutional Conditions for Negotiation

This is a matter that has not often been approached with frankness. No one is so naive as to be unaware that all economic organization ultimately responds to relations of power, and this is true of the international situation.

The international economic order of today, which arose out of Bretton Woods, proves this assertion. History will tell, perhaps, whether the Keynes Plan, defeated by Mr White, would have been more effective. I am referring to the two proposals that were discussed to organize the international monetary and economic system at the end of World War II. The plan put forth by the Englishman Lord Keynes was defeated by that of Mr White, chief of the U.S. delegation. The upshot was that in those negotiations, the U.S. theory prevailed, and the International Monetary Fund and the World Bank were founded at that time. My point is that these negotiations were conducted in the framework of an egalitarian conference (one country, one vote), despite the great importance of one of those countries. In theory, at least, all were equal. This principle must necessarily prevail in any political negotiation of the debt. Precisely because it is political, no forum in which the states are not on an equal footing should be accepted. In other words, forums such as the IMF are not appropriate, since a handful of countries have more than 70 percent of the votes in that organization. Negotiations in that setting are unacceptable because this is not a primarily technical problem and because the countries are not operating under conditions of equality there--at least not de jure--for a political negotiation.

A variety of settings could meet this requirement. The most appropriate would be the United Nations, through the Economic and Social Council (ECOSOC) or another specialized agency. The debate on the debt has overshadowed, as we all know, the discussion of a new international economic order that was begun in the late 1960s. When President Nixon took certain measures in August 1971, including taking the United States off the gold standard, a severe crisis began in the international monetary system. This, in turn, had to do with more profound changes that were taking place in the world economic structure.

Hence, the extensive and relatively unproductive debate on the need for a new international economic order (NOEI) has not gotten past first base. One of the key questions was where the negotiations should take place.

Today the foreign debt, though concentrated primarily in Latin America, is a worldwide issue; a unilateral move could unleash a crisis throughout the financial system. For this reason, the solution must be found in a worldwide forum. The ideal thing would be to link the discussion of the debt to that of the international monetary system, but that could make the debate more difficult. If the debate focuses only on the debt, the perspective of the problem must be more universal, and for this purpose the institutional arrangements must be equally broad.

Equity in Adjustment and Solution of Problem

In the crisis of 1930, the international economic order fell apart at the center as well as the periphery, to use the terminology of the United Nations Economic Commission for Latin America (ECLA). Germany reneged on the commitments it had made at Versailles, and France and England stopped servicing the debt they had contracted with the United States as a result of World War I. Most Latin American countries, meanwhile, stopped servicing their debts by 1934. In that case, of course, our creditors were "rich widows" or "cautious bourgeois" types who were scattered all over the world and could do little but complain. Today the situation is different, in that nonpayment certainly spells the ruination of the principal private banks of the United States. For the U.S. banking system as a whole, in 1984 the Latin American debt amounted to 5 percent of bank capital. But for the main banks, that debt represented 200 percent of their capital; 25 banks have 80 percent of the loans granted to Latin America by the U.S. banking system.[3]

So far nothing has happened, and the banks have not suffered any effects of the crisis.

In the past, when Latin America did not pay, it was difficult to envision proceeding in such a manner, when Germany, England and France did the same thing (which is forgotten today). This is what makes today's situation more difficult than it was a half-century ago, since it is the periphery that is having problems and the center that is in a position to demand "appropriate" behavior that will not endanger the entire system.

But if we are all responsible for the origin and propagation of the problem, then we should all make an effort and sacrifice equally to solve it. So far, only the periphery has made sacrifices.

This would imply recognition of coresponsibility, and acceptance of the principle of equal sacrifices to solve this problem, as a natural consequence of it. On the periphery we have undergone more unemployment, a greater decline of real wages, slower economic growth--in short, a much greater "recessive adjustment" than the countries in the center have. In other words, so far the entire burden has fallen on our shoulders. What sacrifice has the United States, Japan or Europe made? If we were to apply the IMF prescriptions to any of these countries, we would see that they are light years away from such orthodox recommendations: They have stepped up protectionism; they do not reduce but actually increase their budget deficits when they deem it appropriate; and their consumption has fallen off by much less than in Latin America, which expects per capita income in 1990 to be the same as in 1980.

Solvency, whether referring to companies or individuals, has to do with whether a sufficient surplus can be built up over time to pay off loans. In the case of a country, however, that surplus is more "elastic," since reducing the standard of living of a country will increase its payment capacity. How much "adjustment" can a system withstand? Moreover, in the case of Latin America, it has almost always been an importer of capital. Can it now continue to export capital at the same pace as in recent years, without jeopardizing its system of social coexistence? This explains, ultimately, why the matter of the equitable distribution of burdens is and should be discussed in a political context. In addition, there is a problem of equity within the debtor countries: which sectors or social groups must bear the weight of the "adjustment" that is needed to generate a surplus. The debt, in general, favored high-income groups, while the standard recipe of reducing imports by cutting production (to boost the competitiveness of exports) hits real wages the hardest.

To return to the issue at hand, long-term solvency should be compatible with a democratic system. If the cost of the adjustment is too high socially, it will be necessary to resort to authoritarianism as the only way to prevent a social explosion. This is unacceptable, especially in a region that is just now emerging from an authoritarian experience.

In sum, only after the acceptance of a political negotiation in a democratic forum that guarantees the juridical equality of the states and accepts the principle of coresponsibility for the problem, and therefore equity in the burden of the solution, can the "technical" solutions now being debated come into play.

The Baker Plan

The best proof that these points are not the contentions of a Latin American who is overwhelmed by the debt, but are indeed a reflection of grim reality, is the implicit acknowledgement by U.S. Treasury Secretary James A. Baker at the last meeting of the IMF and the World Bank in Seoul. Although his plan is insufficient, or to put it more precisely, "too little, too late," it does constitute a formal recognition of the need for a political understanding on these issues. There is not enough room here to discuss why the proposal is insufficient. I would just like to point out the fact that it has been made. The plan's fundamental elements recognize the points I made above.

Chile and the Foreign Debt

Within this context, the way Chile is negotiating its debt is typical of a country that does not have enough international credibility to make it a political proposal. For this a country needs international respectability, which is incompatible with a dictatorship. Hence, the Chilean finance minister, no matter who it is, will have to accept the IMF's impositions passively. The cost of the adjustment will then have to be passed on to the Chilean people, in view of the inability of Chile's representatives to make demands on any grounds other than mere technicalities or economic statistics.

To get an idea of what Chile has renegotiated, it is useful to take a brief look at some figures: Chile obtains $1.950 billion in "additional" dollars, which will be earmarked almost entirely for paying the interest on the foreign debt during the 1985-86 period. At the end of these 2 years, Chile's foreign debt will have climbed by 8 percent, and we will not have been able to grow more than 2 percent. This is a good example of what we have been saying here, in the sense that we are renegotiating on terms that do not help us solve the problem: We will tighten our belts, we will not grow, and what is worse, the debt will rise.

Furthermore, to win this paltry "renegotiation," Chile is agreeing to guarantee US $6.1 billion in loans that until now were private sector debts, and are now the responsibility of the public sector.

All of the above reveals that as long as the country is unable to speak with a voice that is respected in the international community, we will have to continue accepting what is imposed on us from outside. We are not arguing that merely changing to a democratic system would solve the debt problem. But we are asserting that such a transition would enable us to negotiate the debt differently, putting the interests of Chile and its people first. That, in the final analysis, is the duty of a government. Then the willingness to pay would be couched in terms of a high-level political discussion, following the lines that have been set forth here.

But this far-reaching problem will be solved only by returning to democracy, which will give us back the international respectability we once enjoyed.

FOOTNOTES

1. Ricardo Lagos, "The Price of Orthodoxy," EL TRIMESTRE ECONOMICO No. 295 (January-March 1985).

2. For example, Gonzalo Biggs, "Legal Aspects of the Latin American Public Debt: Relations with the Commercial Banks," REVISTA DE LA CEPAL, No. 25 (April 1985).

3. Rudger Dormbursch, "Dealing with the Debt in the 1980's," THIRD WORLD QUARTERLY, Vol. 7, No. 3 (July 1985).

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CSO: 3348/286

INFORMAL ECONOMY INVOLVES 1 OF EVERY 3 ECONOMICALLY ACTIVE

Santiago ECONOMIA Y NEGOCIOS in Spanish Nov 85 pp 11-15

[Article by Ana Maria Gibson]

[Text] It is just one economic phenomenon, but it hides behind many names: underground, parallel, informal, black-market, clandestine. All these adjectives desribe an economy that moves surreptitiously, under the table.

In Chile, one in every three people in the labor force receives some--or all--of his income from this informal market. They range from gardeners, and housewives who make goods, to those who traffic in dollars and businessmen who evade taxes, just to cite a few examples.

Some specialists tend to attribute it to the lack of alternatives for the people to participate in the formal labor market. They also point to the rising tide of migration toward the major cities.

Nonetheless, the so-called "submerged economy" dates back a long way. It was born almost simultaneously with the passage of the first social law, although this activity only began to be a major concern for governments in the last decade. By its very nature, it is difficult to size up, but there is no doubt that no country is free of this economy, whether capitalist or socialist.

To associate its growth with just unemployment or the economic crisis of recent years is oversimplifying matters. Obviously, the crisis did aggravate and make more visible an activity that had been concentrated primarily in illegal transactions such as drugs, black-market currency, contraband, the Mafia, and weapons.

Black-market labor has two evident manifestations: one is of a structural nature, and is related to clearly productive activities that evade legal formalities; the other, which is closely tied to the prevailing economic situation at a given moment, tends to be channeled toward different forms of survival, all illegal.

Qualitative Change

Although the process is not new, its tremendous expansion in the last 5 years has shown that the cumbersome legal apparatus has begun to obstruct business activities with increasing intensity. Those businesses that are operating under a heavy debt burden are especially hindered. After all, the high prevailing taxes represent the first great temptation for many to evade taxation, at whatever cost: lower value-added tax (IVA) payments, failure to pay overtime, transfer of profits from one business to another, false billing, padding the books, sales transactions recorded at a lower value, . . . and on and on.

At the other end, that part of the population which receives a wage that is not enough to cover the bare necessities, or which is unemployed, begins to carry out parallel survival activities as an additional form of occupation: clandestine sales, workshops, conversion of stolen goods, unreported services, in short, countless cottage or street activities.

It could be asserted that both types of activity aim at the same end: to carry out quick deals that will boost one's income or the profits of one's business as soon as possible. And custom begins to shape the law. Who would return to the current legal framework after seeing that this kind of activity yields greater benefits than adhering to strict legal guidelines? A difficult question.

For the same reason, some specialists believe that it would be necessary to establish areas of overlap between legal-taxation structures and economic structures. This would lend greater fluidity to the production process, keep the bureaucracy to a minimum and head off current structural hindrances to the arrival and departure of businesses on the market, and of course educate the public to internalize the appropriate ethical conduct.

Year	% Working in Informal Sector in the City
1979	25.7%
1980	25.6%
1981	25.1%
1982	28.3%
1983	31.9%
1984	33.0%

How to Cope

Altlhough our country has one of the smallest parallel economics in Latin America, along with Argentina and Uruguay, we cannot ignore the fact that it has been growing significantly since the last economic crisis. Part of this growth is due to the persistently high unemployment, and also to the inconsistency between the opening up of structures to the market economy and existing legal norms.

A viable alternative in this sense would be to apply more affordable tax rates and to bring out the real potential of the small business sector, including those who maintain workshops or garages at home, people who farm small plots, street vendors, truck drivers, and the like. Because the problem lies not only in the lack of formal alternatives, but also in the lack of capital. It is obvious that not much progress can be made by forcing this small business sector to join the legal economy if it is not given the resources and the working capital to do so. After all, we must not forget that the installation of a business goes much further than simply obtaining a patent and starting up operations; one must file tax returns, pay social contributions, maintain public facilities in good condition. All this requires a level of income that this segment of the population does not have in most cases, given that it does not have access to credit or to sufficient demand, either.

What is more, many do not even have prior job or production experience. A good example is the housewives who begin a variety of cottage businesses: floral arrangements, sewing clothing, interior decorating, pottery, etc. Their prices become highly competitive, because in addition to the fact that they do not have to pay taxes, their work does not involve any cost for time used.

This type of occupation, to the extent that it provides income, will continue to expand especially among those who have little education or capital, for whom the only, or almost only, alternative is unemployment. From this point of view, some economists contend that the parallel economy is actually a positive development for this segment of the population, in that it serves as an escape valve for a number of social tensions that would otherwise have no outlet.

The same cannot be said of those underground activities that take place under cover in formal businesses. Their level of evasion can no longer be considered marginal. Quite the contrary: Major amounts are involved, and these activities severely undercut fiscal revenues. Furthermore, they are carried out with full knowledge of the situation, with complete impunity. Specific examples of this phenomenon are the high rate of evasion of the IVA and false billing, evasion of income taxes, the fabrication of non-existent tax losses, the payment of money into secret accounts, the evasion of social legislation and the failure to pay overtime, paying taxes on falsely reported wages, the abuse of certain exemptions (especially in the state enterprises), the under- or overstatement of exports or imports, the manufacture of goods without paying patent fees, and others.

In Chile

It is not easy to determine the magnitude of this problem, given the limited information available. But there are a few figures compiled by the Regional Employment Program for Latin America and the Caribbean (PREALC), which is part of the United Nations International Labor Organization (ILO). These statistics indicate what proportion of the labor market is accounted for by the informal sector.

Between 1979 and 1984, this sector grew notably in the service activities, though slightly less in commerce. Industrial activities actually declined in this sector. The statistics state their case clearly: While in 1979 662,000 people were working in the urban informal sector, that figure had climbed to 929,000 by 1984. In the specific case of the services sector, from 170,000 people working in 1979, the total rose to 427,000 in 1984; and in commerce, the rise was from 261,000 in 1979 to 309,000 in 1984. Industry was just the opposite: From 104,000 people engaged in these activities in 1979, the total dropped to just 90,000 last year. This statistical compilation by PREALC is based on the occupational home surveys conducted by the National Institute of Statistics (INE).

Employment in Chilean Informal Sector
By Sector

Year	Industry	Commerce	Services	Total
1979	104.3	261.2	170.3	622.3
1980	104.6	284.3	189.7	680.8
1981	98.7	290.2	193.8	677.8
1982	75.1	243.1	275.6	683.7
1983	83.0	253.0	413.9	844.1
1984	90.6	309.7	427.1	929.5

Figures in thousands of persons.
Source: PREALC, based on national home surveys by INE.

According to the 1980 census, between 1950 and 1980 the coverage of underemployment in the country's urban informal sector fell from 22.1 percent to 21.7 percent, and from 8.9 percent to 7.4 percent in the case of the traditional rural sector during the same period. Thus, Chile was far below the Latin American average, given the 19.4 percent figure for the first sector and 18.9 percent for the rural sector in the 14-country region.

There are also some figures that give an idea of the magnitude of tax evasion, in terms of the IVA: Whereas in the first 6 months of 1983 the payment of the general rate totaled 60.109 billion pesos, and the payment of the import rate was 34.791 billion pesos; in the first 6 months of 1985, the payment amounted to 52.610 billion pesos (same currency) for the general rate and 50.789 billion pesos for the import rate. Even though imports have declined considerably, the difference between the two figures shows that something is still not right.

This is not the only tax evasion. It exists in the gold trade, the payment of the domestic IVA, and in agricultural commodities. It is public knowledge that the Internal Tax Service has launched campaigns to reduce tax evasion, some with excellent results, as in the case of the Anillo Plan, for example. Another measure is the introduction of new billing forms as of next year, and the computerization of the entire auditing system.

Underground Commerce

By all accounts it is clear that street vending is the final link in an unofficial chain of efforts to avoid taxation and social contributions. It is considered the "Achilles heel" of established commerce, which has been complaining about the problem for a long time. With few results, of course.

One result was the creation of a commission made up of representatives of the Ministries of Interior and the Economy, the most seriously affected municipalities, Santiago and the Central Station, the Internal Tax Service and the treasury police. The commission operates out of the Intendancy. After more than a year of work, so far it has managed only to issue a diagnosis of the phenomenon, but it has taken no effective measures to deal with the mushrooming problem of street vendors in Paseo Ahumada and Huerfanos, as well as other parts of the city.

Studies conducted by the Professional Trade Union for Proprietors of Chilean Commercial Establishments (SIDECO) indicate that this type of trade is growing at an annual pace of about 40 percent.

Fed by an illegal economy, especially that involving major importers and small artisans, this type of vending has managed to organize and make public a process that is usually kept under wraps. Moreover, some merchants, seeing the healthy sales that can be obtained in the street, often go out onto the sidewalk in front of their own stores to compete.

The public encourages this activity. A recent poll by a radio station (the Cooperativa computer) revealed that 77 percent of the respondents agreed that street vending should take place and thought it should be allowed by the authorities. This may be the best proof of our decadent civic conscience.

Calculations by SIDECO in November of last year indicate that tax evasion through street vending accounts for a total loss of 340 million each year. In other words, this is the equivalent of funding 5,657 jobs under the Employment Program for Heads of Household (POJH) for 1 year at a monthly salary of 5,000 pesos, or of building 1,131 low-income homes at 300,000 pesos each.

Underground commerce can be considered a permanent fixture which simply skips one of the links in the traditional marketing chain. And the only viable alternative for eradicating it is either to legalize it and make them cough up the money, or to make a concerted official effort to get them off the streets once and for all. One or the other, . . . and of course the sources of their supplies must be thoroughly investigated.

This is not the only form of illegal trade. According to SIDECO, the parallel economy accounts for approximately 30 percent of the GDP. This figure cannot be regarded as reliable, given that there is not enough background information to determine its accuracy. On the other hand, it is true that this activity does account for approximately 30 percent of something: employment.

No matter what the case, the phenomenon is beginning to worry everyone because of its accelerated expansion, and there is no doubt that sooner or later not only will reliable statistics be available, but also effective ways of combatting it will have been found, given that it is beginning to be considered a new economic scourge.

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CHILE

HOUSING MINISTRY TO PUSH ERADICATION OF MARGINAL DWELLINGS

Santiago LA NACION in Spanish 29 Nov 85 p 32

[Text] Minister of Housing and Urban Affairs Miguel Angel Poduje announced that in 1986 the medium and traditional housing subsidy systems will be refined. Although they are very new, he noted, they have yielded good results, but it is necessary to cultivate and shape them to benefit the community that demands private housing. These subsidies, along with the rural subsidy and the National Applicants' Register, created in 1984, represent the government's effort to reach out to the most deprived sectors.

The minister explained that this initiative is included in the plans for next year, which call for the National Applicants' Registry to be consolidated as a key element in the eradication of marginal dwellings. The Ministry of Housing and Urban Affairs (MINVU) will make a major effort in pursuit of this goal next year.

Positive Results

During the dedication of the second stage of the housing complex known as the Los Sauces 11 Residential Park in La Florida (which has 552 units, obtained by their owners with the help of the traditional subsidy), Minister Poduje described the Ministry's work this past year as positive. He mentioned the effects of the March earthquake, which required the redistribution of 3.8 billion pesos from the official budget and 1.8 billion pesos from the National Paving Program.

"This year, 1985," he said, "was a time for implementing policies, and now a period of consolidation awaits us. With regard to policy implementation, we should mention the National Applicants' Registry as a means of extending government action to the most deprived sectors. This plan was created in 1984, and has already taken the first steps. It began to take shape in 1985, and will be further refined in 1986."

"On the other hand," he added, "we have the development and refinement efforts, and the need to follow up on these programs to make the medium and traditional subsidies more effective. Even though they are very new, these subsidies have yielded good results. They are 'baby systems' that need continued improvement, cultivation and reshaping."

National Scope

He called the housing efforts this past year "really important, and not just in terms of image, especially in specific and visible accomplishments on the national scene. I have had an opportunity to tour the regions quite extensively these last few weeks, and I have seen how the projects have taken shape and the plans have been fully implemented."

This nationwide implementation, in Minister Poduje's view, represents a commitment and a responsibility of such great importance that it means tripling resources and imagination in the coming year, for the purpose of maximizing the potential of work to carry out, maintain, and improve these activities.

"This is reflected and measured in the geographic product of the construction industry, which I think will be the leading sector this year in terms of that indicator," stated the head of the Housing Ministry.

Construction in La Florida

One indication that this assertion is true is the municipality of La Florida, where Mayor Walton Ojeda has spurred the accelerated growth of housing construction.

In the opinion of this municipal leader, having a private home is an undeniable right of any human being, and it should not be considered an end, but a means of great value for obtaining other benefits that will improve mankind as an essential part of society.

Walton Ojeda discussed the accomplishments that have been made in his municipality these past 8 years, during the dedication ceremony of the Los Sauces 11 Residential Park. Minister Poduje presided over the ceremony.

Marking another anniversary yesterday, the La Florida municipality "has made many achievements," in the view of its mayor, "above all in the area of housing, not just in terms of new construction, but also with respect to the eradication and location of camps. The newly located camps are being equipped with sanitary dwelling units and urban services in general."

The work done in 1985 was complemented by the addition of new police stations, the pavement of streets, and the construction of schools and rural stations, with an overall investment of 1.2 billion pesos. Of that total, 72 percent was devoted to social projects and services such as the Mental Health Center, programs for expectant mothers, health plans, Lion's Clubs and nutritional centers.

Municipal Effort

With regard to his accomplishments over the past year, the mayor stated, "I am very comfortable in my conscience. I think that a lot has been done these last 8 years. All this that you see here used to be agricultural fields and local roads. Now major housing complexes are being erected in a municipality that considers itself middle class and residential. It has been accomplished with the cooperation of the community, which has played a fundamental role."

"My assessment is good," he added, "but I think that those who are in the best position to assess it are the residents themselves, the 'Floridians' who have seen or are witnessing what we have done, whether good or bad. As a representative of this municipality and community, I think that this, one of the largest municipalities with 200,000 residents, has proven by its deeds that we are making good progress and carrying out the government's political program, above all in the social sphere."

1986 Plans

Among the principal goals for next year are the construction of a civic center, the completion of urban services in the municipality, and the delineation of residential districts.

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BRIEFS

OIL PRODUCTION/CONSUMPTION PROPORTION--Alejandro Marty, general manager of the National Petroleum Enterprise (ENAP), reported that the cumulative production of petroleum-derived fuels totaled 1.893 million cubic meters between January and September of this year, covering 48.5 percent of domestic consumption needs. This percentage will remain the same for the rest of the year, he stated. During the period in question, national consumption reached approximately 3.9 million cubic meters. Regarding the level of investment the enterprise has earmarked for new prospecting and expanded projects in 1985, the official reported that the equivalent of $2.8 million has been appropriated for scheduled geological and seismic prospecting outside of Magallanes, in Pampa del Tamarugal, Salares de Atacama and Punta Negra. In addition, the equivalent of $2.3 million has been set aside for Osorno-Llanquihue, and some $200,000 for studies along the Pacific coast. In Magallanes, he noted, studies and seismic surveys have been scheduled, at a cost of the equivalent of $1.4 million, in the foothills; $4.6 million has been allocated for seismic surveys in the tertiary basin and some areas adjacent to the deposits currently being drilled. Moreover, in Magallanes the land exploration project for the Springhill District calls for an investment of the equivalent of $9.1 million, primarily in exploratory wells; $10.6 million has been budgeted for exploration through stratigraphic wells in the Springhill District, offshore in the Strait. As for the development of deposits, he reported that the equivalent of $54.5 million is to be invested in drilling wells and installing production platforms in the Strait of Magellan, and the equivalent of $6.5 million will be earmarked for the drilling of production wells and additional land-based facilities. He noted that the investments are 65 percent dollars and the remainder in national currency. [Text] [Santiago EL MERCURIO in Spanish 24 Nov 85 p C-1] 8926

ADMIRAL RECOMMENDS NEW PORT--Punta Arenas--The commander in chief of the Navy, Adm Jose Toribio Merino, has received support from various regional sectors in his contention that Magallanes needs a new port. The member of the Government Junta today ends his 1-week visit to the southern region, where he toured naval installations, traveled to Puerto Williams, and maintained contacts with various institutions. Referring to Adm Merino's statements, the president of the Frente Magallanico (which includes business, professional and labor leaders), Guillermo Ihnen, stated that "they are a real shot in the arm for those of us who have always been concerned about the progress of the southern region." He recalled that the commander in chief of the 3rd Naval Zone, Rear Adm Fernando Camus, had already made statements favoring this idea. A few days ago, the commander in chief of the squadron, Vice-Adm Sergio Sanchez Luna, also came out in favor of the notion. "Clearly the most authoritative and final word in the Navy comes from its commander in chief, and this represents the culmination and clearest definition of the Navy's position on the need for a port for Punta Arenas." Ramon Jacob, the president of the Free Chamber, which represents the beneficiaries of the free zone system, hailed Adm Merino's words as "something very important to all of us who live and work here and who desire progress in the south, a region of tremendous importance to Chile." The Chamber of Commerce and Industry of Magallanes issued a statement indicating, among other things, that "in view of the opinion expressed by the admiral and the fact that his words have been backed up by the Navy's commitment to continue supporting the project, we cannot fail to express our appreciation for his valuable willingness to lend his unlimited support for [illegible] utilization of our region's full import and export productive capacity." Rear Adm Gustavo Rfeifer, who will assume the command of the 3rd Naval Zone in January, told EL MERCURIO that "the port has been a vital issue. As Adm Merino stated upon his arrival in Punta Arenas, a region as important as Magallanes without a port is like a house without a door. The port is a fundamental necessity for the integral development of this region." [Text] [Santiago EL MERCURIO in Spanish 25 Nov 85 p C-1] 8926

CSO: 3348/238

COLOMBIA

85 PERCENT OF BOGOTA BELIEVES NATION AT CRISIS POINT

Bogota EL TIEMPO in Spanish 1 Dec 85 p 1-D

[Excerpt] Following are the results of a poll commissioned by EL TIEMPO and taken by the firm Invamer Gallup, among 504 residents of Bogota.

Methodology of the Study

1. Universe

The universe was comprised of all citizens aged 18 years or older in the urban area of Bogota.

2. Stratification of the Universe

a. Pre-stratification by sex

Male	50%	252	Polls
Female	50%	252	Polls
Total	100%	504	Polls

b. Pre-stratification by age groups

From 18 to 24 years	21%	104	Polls
From 25 to 44 years	46%	232	Polls
From 45 to 59 years	21%	104	Polls
60 years and over	12%	64	Polls

c. Pre-stratification by social class, at random

Upper class (AB)	16%	80	Polls
Middle class(C)	25%	124	Polls
Lower class(D)	59%	300	Polls

3. Size of the sample

A total of 504 polls was used. One sample was used. This sample size allowed for a maximum error of only plus or minus 4.5 percent within a confidence limit of 95 percent.

4. Selection of the Sample

The 63 necessary blocks were drawn at random. In each block, eight interviews were held.

5. Field Work

The field work was carried out between 12 and 22 September 1985.

6. Weighting of the Results

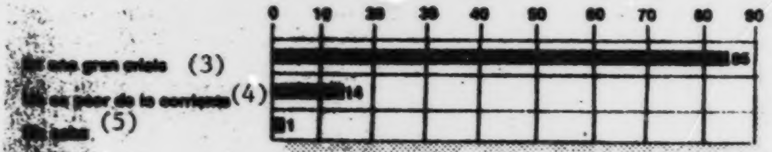
A self-weighted sample was calculated.

7. Presentation of the Information

The information was presented broken down by the total, sex, social class, age groups and political party.

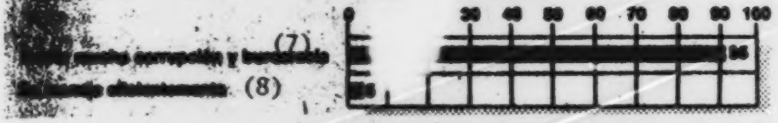
(1) **PREGUNTA: ¿ESTA EL PAIS AHORA EN UNA CRISIS, O LA SITUACION NO ES PEOR DE LO CORRIENTE?**

(2) Base: Total de entrevistados



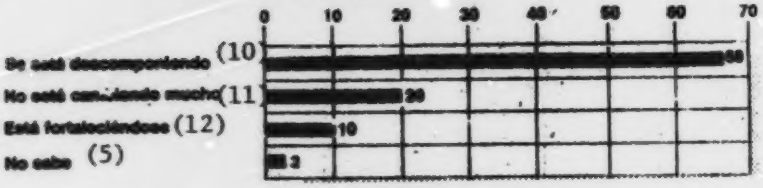
(6) **PREGUNTA: ¿HAY MUCHA CORRUPCION Y BUROCRACIA EN LA ADMINISTRACION DE BOGOTA, O ESTA SE MANEJA EFICIENTEMENTE?**

(2) Base: To[illegible] entrevistados



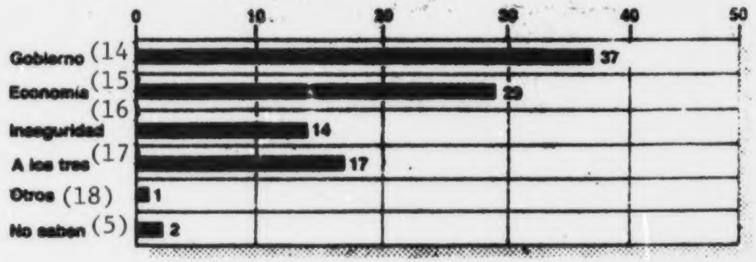
(9) **PREGUNTA: ¿USTED CREE QUE EL PAIS ESTA DESCOMPONIENDOSE, ESTA FORTALECIENDOSE, O NO ESTA CAMBIANDO MUCHO?**

(2) Base: Total de entrevistados



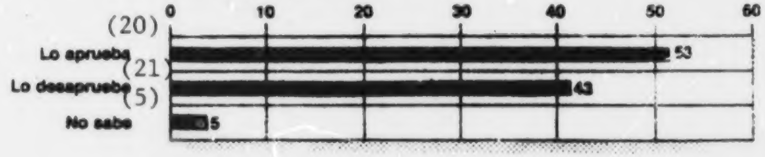
(13) **PREGUNTA: ¿ATRIBUYE USTED LA CRISIS DEL PAIS AL GOBIERNO, A LA ECONOMIA, A LA INSEGURIDAD, A LOS TRES, A OTROS O A NINGUNO DE ESTOS?**

(2) Base: Total de entrevistados



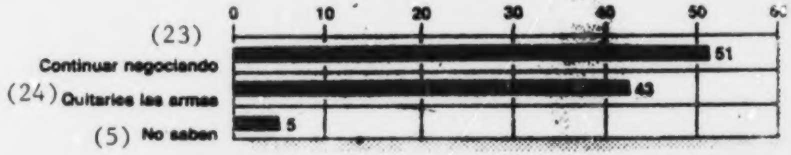
(19) **PREGUNTA: ¿USTED APRUEBA O DESAPRUEBA EL PROCESO DE PAZ DE BELISARIO BETANCUR?**

(2) Base: Total de entrevistados



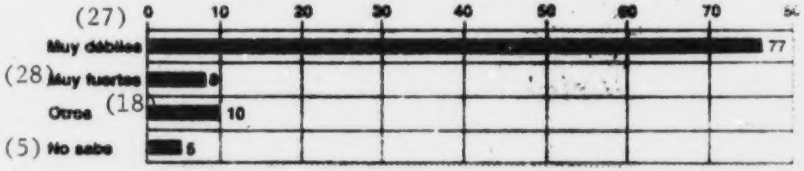
(22) **PREGUNTA: ¿DEBIRIA PERMITIRSE A LOS MILITARES QUE LE QUITARAN LAS ARMAS A LAS GUERRILLAS QUE NO FIRMARON TREGUA, O SE DEBERIA CONTINUAR NEGOCIANDO CON ELLAS?**

(2) Base: Total de entrevistados



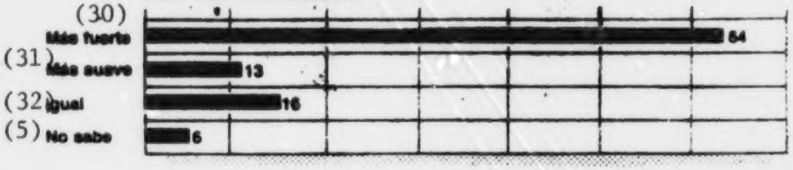
(25) **PREGUNTA: ¿DESAPRUEBA USTED EL PROCESO DE PAZ PORQUE SUS POLITICAS HAN SIDO MUY FUERTES O MUY DEBILES CON LAS GUERRILLAS?**

(26) Base. Entrevistados que desaprueban el proceso de paz.



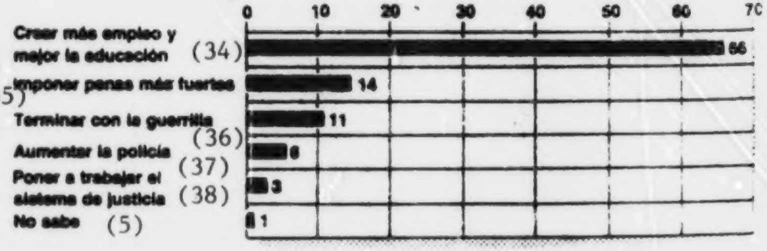
(29) **PREGUNTA: ¿DEBERIA EL GOBIERNO AHORA ASUMIR UNA POSICION MAS FUERTE CONTRA LAS GUERRILLAS, UNA MAS SUAVE O CONTINUAR COMO HA VENIDO HASTA HOY?**

(2) Base: Total de entrevistados



(33) **PREGUNTA: ¿QUE SERA LO MEJOR PARA REDUCIR LA INSEGURIDAD: AUMENTAR LA POLICIA, IMPONER PENAS MAS FUERTES A CRIMINALES VIOLENTOS, CREAR MAS EMPLEO Y MEJORAR LA EDUCACION, PONER A TRABAJAR EL SISTEMA DE JUSTICIA O TERMINAR CON LAS GUERRILLAS?**

(2) Base: Total de entrevistados



Key to Charts:

1. Question: Is the country in a state of crisis now, or is the situation no worse than usual?
2. Base: Total number interviewed
3. In a major crisis
4. No worse than usual
5. Don't know
6. Question: Is there much corruption and bureaucracy in the Bogota administration, or is that latter being run efficiently?
7. There is much corruption and bureaucracy.
8. It is being run efficiently.
9. Question: Do you think that the country is disintegrating, becoming strengthened or not changing much?
10. It is disintegrating.
11. It is not changing much.
12. It is becoming strengthened.
13. Question; Do you attribute the country's crisis to the government, the economy, insecurity, all three, others, or none of these?
14. Government
15. Economy
16. Insecurity
17. All three
18. Others
19. Question: Do you approve or disapprove of Belisario Betancour's peace process?
20. Approve
21. Disapprove
22. Question: Should the military be allowed to take the weapons from the guerrillas who do not sign a truce, or should negotiations with them be continued?
23. Continue negotiating.
24. Take their weapons.
25. Question: Do you disapprove of the peace process because its policies have been too strong or too weak with the guerrillas?
26. Base: Those interviewed who disapprove of the peace process
27. Too weak
28. Too strong
29. Question: Should the government assume a stronger position now against the guerrillas, a softer one, or should it continue as it has thus far?
30. Stronger
31. Softer
32. The same
33. Question: What would be best to reduce insecurity: expanding the police, imposing heavier penalties on violent criminals, creating more employment and improving education, putting the justice system to work or putting an end to the guerrillas?
34. Creating more employment and improving education

35. Imposing heavier penalties
36. Putting an end to the guerrillas
37. Expanding the police
38. Putting the justice system to work

2909
CSO: 3348/277

EACH CONGRESSMAN TO HAVE TWO BODYGUARDS, ADDED SECURITY

Bogota EL TIEMPO in Spanish 22 Nov 85 p 4-D

[Text] At the order of the Chamber's board of directors, starting on Tuesday of next week, each of the 199 representatives will have two bodyguards, as "a measure to ensure their physical integrity, in view of the serious public order conditions affecting the country."

The decision was made last night by the board's commission comprised of Miguel Pinedo Vidal, chairman; Cesar Perez Garcia, first vice chairman; and Joaquin Franco Burgos, second vice chairman.

It was stipulated that a total of 398 additional persons will be provided, hired (apparently for 3 months) by private business firms specializing in the rendering of this type of service, as Franco Burgos announced last night.

The same measure will be adopted by the Senate of the Republic, and it is estimated that, when it is put into effect, another 228 private guards will be hired to furnish security for each of the 114 members of the Upper Chamber.

In connection with the measures to be adopted in the Chamber, Franco Burgos reported that the representatives may have a personal guard to accompany them during their political campaigns in their respective departments, while they will also have a bodyguard in Bogota.

The second vice chairman of the Chamber said that other preventive measures would also be adopted to avert any attack by armed groups on the national capitol, considering the constant threats that M-19 has been making since the gory seizure of the Palace of Justice on 6 November.

Franco Burgos added that these security measures are similar to those maintained at all times for the president, the ministers, the managers and directors of decentralized institutions, the governors and other high-ranking officials rendering services in each branch of public administration.

Although the total outlay that the Chamber will have to make for this item is not known, it is estimated that approximately 10 to 15 million pesos per month will have to be paid. Last night, it was not stipulated whether the entity has the necessary financial resources for hiring this type of service.

Moreover, Franco Burgos noted that the board of directors is holding talks with the high-ranking military commanders, the police, the DAS [Administrative Department of Security] and other state security corps to seek the means for "offering maximum protection for each of the congressmen comprising the Congress of the Republic."

He cited as an example the fact that there is not a single extinguisher in the Chamber to put out any attempted fire, and remarked that the national capitol "is totally unprotected, despite the serious threats hovering over the institution which supports democracy in Colombia."

Franco Burgos also observed that additional talks would be held with the firefighter corps to set up a device that will make it possible to prevent and extinguish any fires that may occur inside the Chamber of Representatives.

According to the ruling by the Chamber's board of directors, the representatives of the electoral districts of Bogota and Cundinamarca will be the ones most benefited, because they will have two guards in the capital of the republic.

2909
CSO: 3348/245

GALAN: SUBVERSION SOLUTION LIES IN SOCIAL ANALYSIS

Bogota EL TIEMPO in Spanish 29 Nov 85 p 8-A

[Text] Cartagena, 28 Nov--Colombian democracy is in a state of crisis, and so is the country's economy, warned the leader of New Liberalism, Luis Carlos Galan Sarmiento, expressing the view that political and social transformation cannot be achieved by summit meetings held by former presidents.

The senator from New Liberalism addressed those attending the 23d National Agricultural Congress convened here, and noted that the response to terrorism must not be one of blind savagery, but rather of intelligent analysis of the social situation; and he condemned those who propose solutions based on force to the people, as a response to the crisis of violence and unemployment being experienced by the country.

He claimed that this position leads to a loss of the serenity and objectivity with which the crisis must be viewed. He gave the example of the military dictatorships in Argentina and Chile which, after traversing this path, succumbed to disrespect and repudiation on the part of the people.

He held that the social problem and the economic crisis are not confined to Colombia alone, but exist all over Latin America; and that, to resove them, a national consciousness must be created that will transform the unstable democracy that the country has.

Concerning the solutions that a potential government of his would give to the crisis in agriculture, Galan Sarmiento said that it would set as a requisite for progressing with agrarian reform the protection of natural resources, the development of the peasant middle classes, which are now victims of poverty, and protection for the Indians, to whom it will guarantee land ownership.

In addition, it would promote agrarian reform with a policy of adapting the land, so that it may be distributed equitably between large and small growers; and give incentives for the production of fertilizers, until the country achieves self-sufficiency in those supplies.

In conclusion, he guaranteed the deliverance of the peasant woman, giving her the necessary share in food production and in the acquisition of technology for working on the land.

2909
CSO: 3348/277

ADMINISTRATION, LABOR SIGN ECONOMIC, SOCIAL AGREEMENT

Bogota EL TIEMPO in Spanish 19 Nov 85 p 12-A

[Text] Yesterday, the government signed an agreement with the labor federations on the "handling of the economic and social policy," but seeking "reasonable prices," cutting public spending, giving tax exemptions for the generation of employment, raising wages in line with inflation, cutting interest rates and reducing the devaluation rate.

The workers agreed on the necessity for readjusting prices, provided they are changed with a retention of the purchasing power of wages. They also noted that the government must adopt measures to procure funds from the high-income sectors.

The finance minister, Hugo Palacio Mejia, said that the elimination of taxes on employment should not be viewed as an attempt to abolish the retroactivity of the unemployed.

As taxes relating to employment it cited the contributions to Sena, the Family Welfare Institute and the Family Compensation Funds; but the workers' spokesmen noted that they did not advocate putting an end to such contributions, because they foster opportunities for welfare among the low-income sectors.

The document for the agreement, signed by Palacios Mejia with heads of the Union, Confederation and General Labor Confederation, UTC [Union of Colombian Workers], CTC [Confederation of Colombian Workers] and CGT [General Confederation of Labor], reiterates the feasibility of Congress' authorizing the government to cut public spending, and announces a "substantial" increase in wages during 1986, in the public sector, far in excess of the 10 percent barrier set for 1985.

According to the text of the agreement, the government will back a wage hike on the "horizon" of inflation, a term that Palacios Mejia interpreted as meaning "slightly above or slightly below" the cost of living.

Pedro Rubio, from UTC, declared: "The government offered to adopt macroeconomic measures to achieve a reduction in interest rates in 1986, and acknowledged that the burden of the benefits is not the cause of inflation nor of unemployment."

Laureano Altahona, from CTC, added: "Tripartite groups will have to be set up to study costs, prices and wages in business firms, so that there will be a macroeconomic control of prices"; admitting that "the government will not always have us at the bargaining table."

Alfonso Vargas, from UTC, cited "political prices" and the "demogoguery of freezing prices," to point out the feasibility of controlling prices with macroeconomic instruments; but he admitted that some agreements have been made with the Ministries of Development and Agriculture, aimed at freezing certain prices. "It is something temporary, short-term," he remarked.

Following is the text of the agremeent signed between the government and the labor federations:

On 18 November 1985, at the Ministry of Finance, between us, Alfonso Vargas and Pedro Rubio, representing UTC; Manuel Felipe Hurtado and Laureano Altahona, representing CTC; and Jose Corredor, representing CGT; and Hugo Palacios Mejia, minister of finance and public credit, the following agreements were reached on the handling of the economic and social policy; subject, of course, to the decisions of the Congress of the Republic, and without overlooking those which are constitutionally and legally incumbent on the national government:

1. Prices:

The Ministry of Finance and Public Credit and the labor federations pledge to back during 1986 an economic policy that will make it possible to curb the increase in prices within reasonable levels and, to seek, if possible, a reduction in the rate of increase from the rate at the end of 1985. The government and the labor federations declare that, for the purpose of protecting the workers' real income and price stability, they prfer to use to this end instruments of macroeconomic policy rather than artificial controls, for certain products or services, for which administrative decontrol will be sought.

2. Fiscal Deficit:

The government and the labor federations acknowledge that one of the leading causes of the rise in prices is money issues, which have been necessary to finance the fiscal deficit. The government and the labor federations take note of the fact that a considerable effort has been made by the government to curb the increase in operating expenses. Nevertheless, they note that additional, structural action is necessary, to cut public spending which exceeds the government's potential and this must be backed by the Congress. For this reason, the government and the labor federations pledge to insist, with the Congress of the Republic, on measures which, without sacrificing employment and without diminishing the rights which the laws establish in the realm of health and education, will allow for a reduction in public spending.

Similarly, the government and the labor federations, in order to eliminate the price hike due to money issues and the fiscal deficit, and to intensify the nation's control over natural resources, agree to the need for adopting necessary administrative measures so that the decentralized enterprises which have an imbalance between costs of raw materials and sales prices for their goods and services will be able to readjust the latter. Such measures, however, must be supplemented by others which will reduce their short-term effects on the workers' real income.

For the same purpose described in the foregoing paragraphs, the government and the labor federations acknowledge the need for adopting measures to enable the government to collect the revenue that legally belongs to it, and to procure additional funds among the more prosperous sectors of the population.

When the government has more funds available or is required to spend less, it will use the resulting liquidity to accelerate the fiscal transfers that must be made to the social security and educational sectors.

3. Employment:

The government and the labor federations express their desire to encourage the creation of additional jobs in Colombia. For the foregoing purpose, the government and the federations pledge that, without intefering with the right to collective bargaining, they will not adopt measures that would lead to the replacement of manpower with other production factors. In addition, they will attempt to eliminate insofar as possible the taxes levied on employment and the institutional barriers to labor mobility.

The government, for its part, pledges to direct a substantial portion of the foreign credit that it contracts toward projects and sectors with a capacity for creating employment, such as agriculture and small and medium-sized industry. The government will continue to lend decided backing to Colombian exports and reasonable protection for the native industry and for the business firms in the financial and services sectors, insofar as the former, and the latter, could prove viable and efficent over the medium term.

4. Wages:

The government acknowledges the sacrifice made by the public sector workers in 1985, to prevent the fiscal deficit from becoming larger. For this reason, the government and the labor federations declare that, for 1986, it would be fitting for the Congress of the Republic to give the government powers to make structural cuts in public spending. The government, for its part, will make wage hikes in the public sector that are substantially higher than those made in 1985, but within the limits imposed by fiscal good judgment. These hikes will be equitable; in other words, they will take into account all the income and improvements enjoyed by the workers, so that there will be no sectors especially benefited or especially harmed by the increases that are adopted.

In the forthcoming discussions of the minimum wage, the government will back wage hikes within the horizon of inflation.

The labor federations express appreciation for the issuance of Decree 2992, of 1985, which took place during the dialogue with the Ministry of Finance, and which clarifies and corrects the withholdings at the source that had been stipulated in Article 3 of Decree 1889, of 1985. Nevertheless, the actual results of the new regulation will be examined.

5. Devaluation:

The labor federations do not accept impositions, and back the national government in its rejection of the intentions of the International Monetary Fund in the matter of devaluation.

The government and the labor federations pledge, insofar as they are able, to create conditions for making the amount of devaluation in 1986 substantially less than that in 1985. However, the minister of finance notes that, in order to attain that goal, there must be control over the increase in domestic prices in the manner cited previously.

6. Interest Rates:

The government and the labor federations acknowledge the negative impact that high interest rates have on employment, and note that this phenomenon depends, among other things, on the prevailing rates on the international markets and on Colombia's internal devaluation. The latter, in turn, depends on the rises in domestic prices; and the latter, as has been stated, depend largely on the issues necessary to finance the fiscal deficit. For this reason, they also recognize the need for having the Congress authorize the government to make additional efforts to cut public spending.

Within the aforementioned context, the government offers to adopt macroeconomic measures to achieve a reduction in interest rates during 1986, that is compatible with the need for maintaining a balance in the external sector and a suitable level of international reserves.

Since this agreement is being signed at the conclusion of the coordination process planned for the social pact, and after many events in the economic social and political realm, which occurred after the start of that process, the Ministry of Finance and the labor federations agree that it will be based on the spirit of this agreement that the final text of the social pact will be structured.

Jose Corredor, CGT; Manuel Felipe Hurtado, CTC; Laureano Altahona, CTC; Alfonso Vargas, UTC; Pedro Rubio, UTC; Hugo Palacios Mejia, minister of finance and public credit.

2909
CSO: 3348/246

COMPTROLLER DENOUNCES POOR GOVERNMENTAL FISCAL MANAGEMENT

Bogota EL TIEMPO in Spanish 21 Nov 85 pp A-1, A-8

[Text] Yesterday, in the Congress, comptroller Rodolfo Gonzalez Garcia scored the scandalous looting of the country's resources, noting that the state will lose nearly 70 billion pesos in 1985 as a result of bad investments, gold purchases above the world price and decisions lacking in solid grounds.

Gonzalez Garcia asked the Congress whether, in view of a situation such as this, there is justification for approving refinancing to cover public spending and investments when, on the other hand, these open outlets are still maintained.

The comptroller disclosed an "industrialized theft" of 60,000 tons of salt per year at the Salinas Concession in La Guajira, valued at 600 million pesos; and proposed prompt, effective police inspections.

The overseer of the state budget called attention to the feasibility of identifying the origins of cumulative losses of 24 billion pesos at the Industrial Development Institute (IFI); and claimed that this agency lacks the social significance that would warrant Congress' approval of a refinancing of 20 billion pesos for it, or payment in kind for the Salinas Concession.

Gonzalez Garcia also asserted that "the monetary and fiscal authorities are feeding private capital," and cited the instance wherein the government paid 5.8 billion pesos to two groups of Bank of Bogota stockholders, for the purpose of democratizing the stock ownership, without achieving the latter. He proposed that the Congress investigate and debate this situation.

The comptroller spoke before the Senate's Third Commission, as a result of a summons given to him by former Minister Eduardo del Hierro Santacruz to report what he knew about the management of the IFI.

The summoned official mentioned "stupidity" in the institute's investments, "unrecoverable losses of 4.1 billion pesos in investments made in Iron Works of Colombia and Alkalis of Colombia, and losses of 24 billion pesos in bonds with constant value."

In his opinion, there must be an effort for "political responsibility in administrative decisions" and he expressed regret that the Congress and the Comptroller's Office "are protesting without a response."

While the Congress was debating the IFI investments in Papelcol, the National Council on Economic and Social Police (CONPES) was distributing 2.8 billion pesos among business firms in question thusly: 997 million pesos was granted to Papelcol, 834 million to CARBOCOL [Colombian Coal, Inc], 214 million to the Rio Claro project, 100 million to Conastil, 431 million pesos for the Cerro Matoso debt service and 200 million pesos for the development of small businesses.

He added: "While the Congress was engaged in its debate with the IFI representatives, other officials from the same institution were approving advance payments on the highway for Papelcol amounting to 150 million pesos, not counting interest.

"As if that were not enough, in the $1 billion package that the government is negotiating with the international banks, in new loans, Papelcol shows up again with $16 million, and Cerro Matoso with an equal amount. It is clear to any inexperienced eye that further investment there is a risk that should not be run. These are funds that are going to be lost," warned Gonzalez Garcia.

He said: "The country is experiencing the dramatic wave being made by the regional trade associations with a jingoist spirit, and that is why we have set up a country of capitalists without money."

He noted how 50 percent of Avianca's shares of stock is worth 140 million pesos, and the Santa Fe soccer club's debt to its players is 146 million pesos.

Playing With the State

The comptroller claimed: "Avianca has 24 billion pesos committed; in other words, we are playing with the Colombian state's machinery to protect loans exceeding the capital invested in a scandalous proportion."

He reiterated the fact that, in the companies in which foreign investors share to exploit natural resources, "the risk capital is put up by the Colombian state after they tell us the story that the economic project has been completely devised."

Gonzalez Garcia included in this picture the case of Papelcol and CARBOCOL, and also cited the "fortunate case of the supposed oil boom that the country was supposed to have with Occidential. The same thing happened with the Cerro Matoso ferronickel."

The comptroller stressed: "The state entities are being dragged along by hasty policy decisions," reporting that his office investigated "the list of individuals who show up in all these major state business dealings, and the same attorney who did the business on Iron Works of Colombia, one of Santander's great disappointments, is the one who shows up doing the business on Papelcol: Samuel Hoyos Arango."

The Liberal senator, William Jaramillo Gomez, recalled that 70 percent of the business firms established around Tecointer de Montajes, in the Papelcol case, belong to or are creations of the family of Dr Hoyos Arango and his children.

And the Coal Also....

The comptroller, a Liberal economist from Santander, emphasized charges concerning prices of Colombian coal which are now bringing losses to the state. He asked: "Why is an economic project set up on the basis of $60 per ton in one 5-year period, dropping to $30 dollars?"

According to the former Liberal president, Alfonso Lopez Michelsen, the prices were planned on the basis of a study by the United Nations organization.

The comptroller claimed: "I checked, and the United Nations has never made a study of that. The prices were issued by Exxon."

"The same thing happened to us with ferronickel, and Colombia was never told that the trend for nickel was downward, because there was a replacement in the automotive engine and aviation industry, and because there were two major projects that were to conspire against a declining demand. The important thing about foreign investors is that they put equipment, 'know-how,' in Colombia, and when it is time for the equipment to operate, it fails to do so."

According to Jaramillo Gomez, "It was to be presumed that the foreign partners were aware of all that."

The comptroller also questioned the authority of an ECOPETROL [Colombian Petroleum Enterprise] representative on the board of associates for exploiting the native crude, who "has readily approved an investment of $500 million, when the chairman of the board only has authority to approve up to 40 million pesos." And he asked: "What is the origin of that extravagant authority for associating the responsibility of ECOPETROL and the state with investment projects which have not proven attractive?"

The comptroller rejected exaggerated rumors claiming that Colombia would become an oil power, vying with Venezuela, Mexico and the Middle East. "We are no such thing, and our interests do not lie in a policy that would quickly deplete the wells, as happened, unfortunately, in Putumayo."

Gonzalez Garcia declared that, at present, "Shell is buying coal futures in Colombia, because the coal is of good quality and from a project that was never accompanied by a study that would enable the nation to make a good decision. In the projects involving ferronickel, coal and Papelco. one observes identical instances."

The one who called for the debate, Conservative Narino Senator Del Hierro Santacruz, said that the Congress "should impose restrictions on IFI's investments"; and, together with Jaramillo Gomez, announced that he would vote against the projects to refinance the institute and give it assets of the nation as payment in kind for debts of the Salinas Concession, a company which is directly subordinate to the institute.

The Corruption Involving Salt

In conclusion, the comptroller disclosed a "fraud against the nation's patrimony amounting to 60,000 tons of salt per year, at the Salinas Concession; that volume is worth 600 million pesos."

He said that the perpetrators are generally residents of the interior part of the country who use the Guajira Indians to justify the theft of the salt.

The Indians take about 10,000 tons per year, but "the industrialized theft is 50,000 tons, and a diversion is made of the channels whereby the brine is processed or discarded."

Senator Del Hierro Santacruz remarked: "We cannot allow this drain and this looting of the nation to continue." According to his calculations, about 200 tons of salt per day were stolen from the Salinas Concession; an amount that would require at least about seven mule carriers to transport.

As a conclusion to the debate, Jaramillo Gomez and Del Hierro advised caution in the consideration of projects that would give IFI financial backing. Senator Del Hierro announced that he would take the case of the Salinas Concession before the Office of the Attorney General of the Nation.

2909
CSO: 3348/245

1986 BUDGETS TOTALING OVER 1 TRILLION PESOS APPROVED

Bogota EL TIEMPO in Spanish 21 Nov 85 p 14-C

[Text] Yesterday, the Congress converted into a law of the republic the bill containing the national budget for 1986, and the one containing the budget for the decentralized institutions for the same effective period. For the first time, both exceed the sum of a billion pesos.

At the same time, the government submitted for congressional consideration a bill adding 42 billion pesos to the 1985 budget, for the purpose of having sufficient funds to pay the December salaries and the Christmas bonus for central administration employees.

At the request of President Belisario Betancur, the Senate and Chamber third commissions began emergency negotiations yesterday to finance the budget deficit estimated by the government for 1986: (148.8 billion pesos), with monetary issues, issues of government securities and internal and external lines of credit. This Thursday, the representatives of the government-associated Liberal Party on those commissions will hold a meeting to determine the methods for solution suggested by the government.

The 1986 national budget amounts to 655 billion, and that of the decentralized institutions totals 529 billion pesos.

The proposer of the government's bill, Liberal Senator Pedro Martin Reyes, noted that the figures lack a correct calculation, with the revenue overestimated and the expenditures underestimated; for which reason he predicted a deficit that could exceed 200 billion pesos.

The also senator from the government-associated Liberal Party and former minister, Victor Renan Barco Lopez, expanded upon Martin Reyes' argument and, incidentally, criticized the government for liquidating shares of the sales tax allocated to the municipalities, based on collections amounting to 75 billion pesos and not on the real revenue of 125 billion pesos. As a result, he said, the municipalities would receive only 59 percent of what rightfully belongs to them.

The New Liberals reiterated their criticism of the shortcomings which appear in the budget as devised, and the lack of clarity in the objectives of the economic policy, a fundamental ingredient for making the budget the basic tool in the executive branch's program of action.

The congressional members of this political group voted against the draft budget, with comments claiming that "the calculations on revenue and outlays are weak."

They noted: "The consideration of the budget should not be confined to a mere arithmetical exercise."

Gabriel Rosas Vega, an economist and representative of New Liberalism, estimated the missing amount in the 1986 budget at 227 billion pesos.

Budget Addition

The bill adding to the 1985 budget includes 36 billion pesos in national savings bonds (TAN) and 6.2 billion in reserves.

Included in the distribution of the additional sums are the Ministry of Education, with 13.966 billion; the Ministry of National Planning, with 1.33 billion; the Ministry of National Defense, with 4.12 billion; and the Ministry of Health, with 1.456 billion, in the basic items.

2909
CSO: 3348/246

COLOMBIA

AMNESTY PROGRAM HAS COST 789 MILLION PESOS IN 3 YEARS

Bogota EL TIEMPO in Spanish 29 Nov 85 pp 1-A, 10-D

[Text] The comptroller, Rodolgo Gonzalez Garcia, disclosed yesterday that the amnesty for 1,217 persons during the past 3 years has cost the state 789 million pesos, a figure exceeding that invested by the Ministry of Justice's rotating fund to meet the needs of the judicial offices.

His office made an evaluation of the cost of the amnesty, but it did not include the number of those benefited by the Institute for Promotion of Higher Education (ICFES) or by the Institute of Family Welfare.

Following are main sections of the comptroller's office's evaluation:

The People's Financial Corporation, in compliance with the provisions of the aforementioned law, started in 1983 the advances of credit for the development of mini-enterprises for rehabilitation. As of September 1985, it had approved 137 loans in the amount of 123 million pesos. Of those, 127 were turned over, and five were refinanced, making a total of 109 million pesos; in other words, nearly 830,000 pesos for each one amnestied. For this purpose, the national government provided funds from the national budget totaling 150 million pesos; and, through the IFI [Industrial Development Institute], the corporation received a loan of 50 million pesos.

Article 2 of Regulatory Decree No 3287 established specific responsibilities for the Agrarian Fund aimed at carrying forward activities on behalf of those benefiting from amnesty. This entity's activities were to be directed toward granting loans, rural housing, provision of land, marketing, agricultural and livestock technical assistance, and technical assistance for reforestation and overall development. It was ordered that the interest on the loans was to be the lowest, and the terms and conditions for payment the most extensive, in comparison with all the development loans. Because of the foregoing, the fund granted 408 loans amounting to 214 million pesos, at the rate of approximately 525,000 per loan.

The accomplishments of the Colombian Institute of Agrarian Reform are associated with the acquisition and subsequent awarding of land, legalization of ownership through ownership titles, technical assistance rendered and the amount of credit made available. In connection with these activities, the institute has turned over 6,601 hectares to 157 amnestied persons, granting loans in an amount equivalent to 152 million pesos, or 42 hectares per individual benefited, at a cost of 23,000 pesos per hectare.

In the implementation of Law 35 of 1982, ICETEX [Colombian Institute for Educational Credits and Overseas Technical Studies] has benefited 34 persons, with grants both abroad (17) and in the country (17). The educational credit amounts to 32 million pesos, allocating 27 million pesos for grants abroad, and 5 million pesos for those in the country, with an average amount per beneficiary of 941,000 pesos (1.588 million pesos for those abroad).

INSCREDIAL [Territorial Credit Institute] has provided 155 housing solutions, worth 130 million pesos. SENA [National Apprenticeship Service] has given training to 250 amnestied persons, with a sum estimated at 12.5 million pesos (an average of 50,000 pesos per apprentice). CFP [People's Financing Corporation] benefited 85 amnestied persons, granting them loans totaling 31 million pesos; in other words, the financing per vehicle for public service totaled 365,000 pesos.

In addition to the aforementioned entities, there are other agencies which have participated to a lesser extent in the implementation of the law. They include the National Corporation for Tourism, which granted a loan for the operation of a restaurant amounting to 300,000 pesos, which has become 600,000 to date, with interest in default.

It is also worthwhile mentioning the activity of the National Guarantee Fund, an entity responsible for serving as backer of the loans granted by the People's Financial Corporation. That entity began its activity in July 1982 and, for lack of funds, terminated on 31 August 1984. During the period of its operation, it guaranteed 123 contracts, totaling 56 million pesos, contributing to the creation of 200 mini-enterprises for rehabilitation.

Finally, based on the authorization in the same law, the Amnesty for Peace Rotating Fund was created, associated with decentralized agencies and the private sector. The revenue in this fund comes from budget funds of the Ministry of Interior, totaling 85 million pesos, and donations from various official banks and from the Agrarian Fund, amounting to 26 million pesos. During the year when the execution of the law began (1983), 46 million pesos was collected; in 1984, 45 million; and in 1985; 20 million.

As a result, the counting of the information received shows noteworthy results. During the 3 years that the law has been in effect, 1,217 amnestied persons have been benefited, with a cost to the state of 789 million pesos, an amount exceeding that invested during 1984 by the Ministry of Justice Rotating Fund, which was 765 million pesos.

The cost of the amnesty and the number benefiting could increase, if the results presented are added to those relating to the ICFES and ICBF [Colombian Family Welfare Institute].

Amnesty for Peace Rotating Fund, Revenue for 1983-1984 (millions of pesos)

Entities	1983	1984	1985	Total
Ministry of Interior	25.0	45.0	15.0	85.0
Donations				
Coffee Growers Bank	1.0	-	2.5	3.5
Central Mortgage Bank	5.0	-	2.5	7.5
People's Bank	5.0	-	-	5.0
Bank of the Republic	5.0	--	-	5.0
Agrarian Fund	5.0	-	-	5.0
Total	46.0	45.0	20.0	111.0

Source: Ministry of Interior

Cost of Amnesty, 1982-9885

Entities	No. Amnestied	Cost (millions of pesos)
People's Financial Corp. *	127	106.2
Agrarian Credit Fund **	408	213.8
Colombian Institute of Agrarian Reform **	157	152.2
ICETEX	34	31.8
INSCREDIAL	155	130.1
Amnesty for Peace Rotating Fund	-	111.0
National Corporation for Tourism	1	0.6
National Apprenticeship Service ***	250	12.5
Transportation Financing Corporation	85	31.0
Total	1,217	789.2

Source: Reports received from the different entities
* As of September 1985
** As of June 1985
*** For lack of a concrete report, a cost per amnesty of 50,000 pesos was set.

2909
CSO: 3348/277

COLOMBIA

NO ACQUIESCENCE TO FOREIGN PRESSURE FOR OIL EXPORTS

Bogota EL ESPECTADOR in Spanish 22 Nov 85 p 13-A

[Text] Bucaramanga--The minister of mines and energy, Ivan Duque Escobar, declared that the Colombian state will not under any circumstances tolerate pressure on the part of foreign companies to arrive at export figures that are not rational and feasible for perserving its self-sufficiency.

The official, speaking at the opening of the symposium on oil in Colombia and in the world, organized by the Santander Engineers Association in this city, claimed that the petroleum exporting countries' organization, OPEC, is losing more power every day.

The head of the Ministry of Mines reiterated once again that the Betancur administration would not foster any substantial change in the association contracts with foreign oil firms.

Duque Escobar maintained that Colombia's oil future is clear, thanks to the abundant deposits discovered in the intendency of Arauca, whereby the country's crude reserves increased to 1.2 billion barrels.

He noted that, "We have the pressing need to attempt exploration of gas in our territory, a resource the reserves or deposits of which amount to 3.8324 billion cubic feet."

Self-Sufficiency

"Our country is optimistically awaiting the coming year of 1986 to return again to self-sufficiency in oil, and to rejoin the international market as an exporting country. We are channeling all our activity to have the required projects completed within a few months, so as to attain our goal of being self-sufficient."

The minister recalled the history of the association contracts signed by Colombia with foreign companies, pointing out that, during the past 10 years, crude costing over $4.3 billion had been imported.

Duque Escobar remarked: "President Betancur's government will not foster any substantial change in the association contract. I wish to reiterate that policy again today."

Immediately thereafter, the minister of mines and energy spoke on the future of oil in Colombia and the world, at the symposium opening ceremony, observing:

"We do not consider it fitting to sponsor reforms that would do our oil policy very little good. On the contrary, I believe that, if we put ourselves in the position of reformists without serious, concrete, future-oriented policies, we would create an unprecedented anxiety and we would set back the positive achievements that we have made during the past 10 years."

Nevertheless, the official agreed that the association contracts could be subject to modifications or adjustments, seeking greater equity and justice, based on the lasting nature of the acceptance and the foreign investors.

He underscored the importance of the discoveries in Cano Limon, in Arauca, by the Cravo Norte Association, whereby the country's crude reserves rose to 1.25 billion barrels.

Pressure Not Tolerated

Duque Escobar asserted that the state deems it advisable to rationally ensure the country a self-sufficiency lasting 8 or 10 years, based on proven reserves.

The minister of mines stressed that the Colombian state would not under any circumstances tolerate pressure from the foreign companies aimed at increasing crude exports.

He disclosed that, at the present time, technicians from the Ministry of Mines are working on the devising of clearcut policies in the realm of hydrocarbon sales abroad.

He noted that the state has the legal mechanisms for ensuring the country's self-sufficiency.

2909
CSO: 3348/245

COLOMBIA

MONETARY BOARD APPROVES MEASURES ON CAPITALIZATION, IMPORTS

Bogota EL TIEMPO in Spanish 21 Nov 85 p 14-C

[Text] Yesterday, the Monetary Board approved new measures on the capitalization of business firms and banks, the use of judicial reserves and refinancing of loans to the victims of the volcanic eruption of the Arenas crater of Nevado del Ruiz; and issued four resolutions on external credit, the Vallejo Plan, coffee growers' refunds and CARBOCOL [Colombian Coal, Inc] loans. At the same time, it increased the annual import quota from $3.36 billion to $3.6 billion, a measure that will go into effect as of next month.

The measures approved by the monetary authority, concerning which resolutions will be issued within the next few days, are associated with the following matters:

1. The loans granted to the rural producers in Armero and Chinchina hurt by the volcanic eruption and the floods will be refinanced, and their due dates will be extended for another 6 months. The measure will cover loans amounting to nearly 400 million pesos, charged to the Agricultural-Livestock Financing Fund.

2. There will be a modification in the terms of Resolution 60, of 30 October of this year, which determined the periods for the Monetary Fund's redistribution of credit funds to capitalize the financial system. Starting now, the date will be left open, and the Bank of the Republic will be authorized to grant loans with complete discretion.

An increase will also be established in the interest on loans used for the purchase of stocks and bonds from banking entities. The former will rise from 18 to 21 percent, and the latter, from 18 to 23 percent. The measure is associated with the rise in the inflation rate which occurred this year.

3. A modification will also be made in the terms of Resolution 54 of this year, relating to the refinancing of debts owed by business firms to banks, with the capitalization of part of those debts and the capitalization of the financial entities themselves, with credit backing subsidized by the government. The modification will consist of eliminating the requirement imposed on the banks to capitalize their debts before invoking the terms of their own capitalization. As a result, they will be able to capitalize the debts contracted with them by the business firms,simultaneously, or subsequently.

4. The use of the actual reserves will be allowed on judicial deposits, that is, on monies which the banks must freeze at the order of the courts, involving attachments and other court action. However, the use thereof will have to be specific and related to the same litigation and entities involved.

In addition to the foregoing, four resolutions of the Monetary Board were issued yesterday, associated with the following matters:

1. Resolution 77, whereby the regulatory resolutions on the financing that is in operation in the import-export system, known as the Vallejo Plan,were compiled, and a slight amendment was made in the procedures for using the "several creditors" account.

2. Resolution 78, whereby the regulations in effect in the area of interest and commissions involving external credit transactions were compiled. The resolution stipulates that the maximum interest rates must not exceed the prime rate (preferential rate on the New York market), plus 2.5 percent, nor the Libor (London rate), plus 2.5 percent.

3. Resolution 78,whereby an increase is made in the coffee growers' refund, from $204.50 to $224.40 per 70-kilogram bag.

4. Resolution 80, whereby authorization is given to postpone some debts and an amendment is made to Resolution 48, of 1985. According to this resolution, banks and financing corporations are authorized to extend certain loans granted to CARBOCOL. There is also a modification in the terms set in Resolution 48 on advance refund of foreign exchange for coal exports.

2909
CSO: 3448/246

BRIEFS

EXPORT PRODUCTS, PORTS RANKED--According to official statistics, fresh or dried bananas, flowers, ferronickel, corrugated cardboard boxes and bituminous coal, which has displaced cement, are Colombia's five leading export products, after coffee. These five major export products recorded by means of special systems in turn represent 56.25 percent of the minor exports, among which, during the first 5 months of this year, bananas generated $67.275 million (21.34 percent); flowers, $48.484 million (15.34 percent); and ferronickel, $34.018 million (10.79 percent of the total). During the first 5 months of this year the latter rose to $315.217 million, and 1,329,402 tons. The other exports, with a share under 5 percent of the total, were gray cement; frozen crutaceans and mollusks; books, leaflets and printed matter in general; and raw cotton fabrics with over 85 percent natural fibers; and in 10th place, fabrics lined with artificial material, for women. Ranking 11th and 15th are polystyrenes, fungicides, uncrushed cement or clinkers, unprocessed cotton years and outerwear for men and boys,made of synthetic fibers. In 16th place, with a 1.09 percent share, are raw sugars, chocolate and other preparations; cotton outerwear for women and girls, and other cotton fabrics; and ranking 20th is women's and girls' outerwear made of artificial fabrics, followed by carboximethycellulose, citric acid, bovine hides and skins, and gelatines; and, in 25th place, leather handbags. Insofar as the shipping ports for exports are concerned, the leading one is still Buenaventura, with 30.98 percent of the total; followed by Bogota, with 18.83 percent; Cartagena, with 16.96; fourth, Santa Marta, with 15.13 percent; fifth, Turbo, with 4.68 percent; sixth, Cali, with 4.04 percent; seventh, Medellin, with 3.95 percent; and eighth, Barranquilla, with 3.35 percent of the total. The other export ports showing a share less than 1 percent for exports are Armenia, Bucaramanga, Cucuta, Ibague, Manizales, Palmira, Pereira and San Andres [Text] [Bogota EL SIGLO in Spanish 22 Nov 85 p 9] 2909

COFFEE CROP NOT DAMAGED--The eruption of the Arenas crater of Nevado del Ruiz, and the profuse emanation of ash in the leading coffee-growing areas, did not hurt the country's coffee crop nor the bean's quality, nor will it prevent Colombia from fulfilling its export quotas. This claim was made by the manager of the Coffee-Growers Federation, Jorge Cardenas Gutierrez, who at a press conference noted that an increase of 1 million bags in the export quota is expected this week. The readjustment would occur owing to the rise in the international price of the bean, which brought the average mobile price for the past 2 weeks to $1.40 per pound. This increment will represent additional sales for Colombia totaling 161,000 bags. [Excerpt] [Bogota EL ESPECTADOR in Spanish 19 Nov 85 p 11-A] 2909
CSO: 3348/245/246

LOW CANE PRODUCTION IN PEASANT SECTOR ANALYZED

Havana GRANMA in Spanish 23 Oct 85 p 2

[Article by Orlando Gomez]

[Text] The important topic of the decline in sugarcane production in the peasant sector was analyzed recently in Las Tunas by Comrade Julian Rizo, member of the Secretariat of the Party Central Committee, with respect to the last two harvests (in 1985, 159 million arrobas less than in 1984, and in 1984, 37 million arrobas less than in 1983). Returning to this issue, it is necessary to delve into this negative trend and learn its myriad causes so that short- and medium-term solutions can be found to turn this situation completely around. Such measures have been underway for some time.

It is interesting to note that during the first 3 years of the current 1981-85 5-year period, our peasant cane cutters increased their production by an average of 115 million arrobas each year. But in 1984, and even more in 1985, production and yields began to fall substantially. They reached approximately the same levels as in 1981, a trend which constitutes a considerable setback for growth in this vital sector of the national economy. And the 19 percent of the country's total sugarcane production that the peasant sector delivers to the sugar industry each year is no small amount.

It should be pointed out that the earth compacting work of individual peasants who decided to join the Agricultural-Livestock Cooperative (CPA), and the technical-material support our socialist state gave the cooperative movement--especially the cane cutting detail--both had a great deal to do with the production growth recorded in this sector in the initial years of this 5-year period.

Nevertheless, since the 1984 harvest high production costs have begun to plague many sugarcane CPAs and individual peasants devoted to this major crop, especially on those plantations where yields are less than 70,000 arrobas per caballeria. The result has been low profit margins and economic yields.

Moreover, another factor that already had to be accounted for was that the sugarcane CPAs were beginning to pay back part of the tremendous investments that had been made since 1981 in their collective enterprises, facilitated by the state. This in turn hampered the economic situation of those CPAs that had undertaken irrational investments that exceeded the capacities of their labor force, technical and organizational management, scales of production, and other factors that could give them a rapid and effective response to the credit requested from the Bank to undertake their investments.

Other factors that undoubtedly had a significant influence on the slump in production and peasant cane cutting yields in 1984 were the drought that has been plaguing Cuban agriculture for 2 years, and the failure of the peasant cane cutting sector to comply with schedules for planting and transplanting rootstalks.

Other causes of the dangerous slide in cane production include the lack of sufficient attention to cultural matters on the peasant plantations in the last 2 years. This situation is especially bad among individual farmers in the Credit and Service Cooperatives (CCS), most of which did not receive enough technical-material support or the attention their important crops merit.

New Incentive Prices

All of the above prompted the competent agencies--including the National Association of Small Farmers (ANAP)--to conduct a thorough analysis of this situation. As a result, recently the government leaders approved a series of measures designed to stimulate production and encourage the Ministry of the Sugar Industry (MINAZ) to pay more attention to the peasant sugarcane sector.

A basic principal of the new mechanism for stimulating production through prices is that any new economic income for farmers must derive from additional cane production, without any decline in current volumes or in the maintenance and improvement of varieties, so that the present low average yield per harvested caballeria will not continue to deteriorate.

The premises of the payment method, which will take effect with the next harvest and will last throughout the 1986-1990 5-year period, will be the following:

Based on the yields obtained, as an average, each producer (CPA and individual peasant) that has marketed sugarcane during the 1982-83, 1983-84, and 1984-85 seasons will be classified into a group according to his yield, from 60,000 arrobas to over 100,000 arrobas per caballeria. The incentive price will be paid when the real yields obtained are higher than the average for the three seasons mentioned.

Sugarcane producers with less than 60,000 arrobas per caballeria, on the average, will receive the incentive price only when they attain yields greater than 60,000 arrobas. Higher incentive prices are stipulated, with larger increments, for those who harvest 70,000, 80,000 and 90,000 arrobas of cane per caballeria.

Peasant producers with yields higher than 100,000 arrobas per caballeria will be treated differently from the rest. They will be encouraged with a special price for all of their production.

Another element of the new prices for sugarcane harvesting is that for the producer to receive the extra price--always given for increases in agricultural yields--the total area devoted to sugarcane must be equal to or greater than that of the previous year. As an additional measure to boost sugarcane production, the state will underwrite 50 percent of the cost of opening up new land for cane in addition to existing fields. This benefit cannot be applied to replanted areas.

Another regulation that was approved is that the State Finance Committee and the National Insurance Enterprise (ESEN) must implement the provisions related to the optional nature of crop insurance covering sugarcane, taking into consideration the criteria laid down by MINAZ, the National Bank of Cuba (BNC) and ANAP.

The measures taken will also benefit the sugarcane producers for whom the State Pricing Committee will make changes as of 1 January in the prices of knives, chains, hoses and other accessories used as spare parts in the repair of the nearly 500 cane combines that the CPAs specializing in this area already possess. In addition, the rates (prices) for technical-productive services will be revised, and the rate per 100 arrobas cut and loaded by individual harvesters will be lowered by 1 peso.

Clearly with the decisions approved for peasant cane production, the country is taking steps forward in the widening search for better agricultural yields, greater supplies of raw material for our sugar industry, more efficient agro-industrial processing of sugarcane, and a more rational distribution of cane soils throughout the territory by stimulating the yield per unit harvested. Moreover, through the pricing mechanism, it will be able to be more consistent about applying in this vital sector of the national economy the socialist principle that is so fitting for Cuba's current social stage: "From each according to his ability, to each according to his work."

Everyone is aware that even though sugar prices are falling steadily in the capitalist world, leading to significant declines in production and the bankruptcy of numerous cane cutting and sugar businesses, as well as higher unemployment among the workers in these sectors, in our socialist society the purchase price of the cane produced by peasants is rising.

We are confident, since we are fully aware of the attitude of our peasant cane cutters and their traditional love for that generous and cherished plant, that all those committed to this important task for our people and our country will give the expected and necessary response.

Peasant Production and Yields
1981-85 5-Year Period

	1981	1982	1983	1984	1985
Production (in billions of arrobas)	1.046	1.134	1.272	1.235	1.076
Yield (in thousands of arrobas)	70.7	71.0	72.7	67.4	63.4 (est)

8926
CSO: 3248/96

PAN CHIHUAHUA GUBERNATORIAL CANDIDATE CHOICE SET FOR 26 JAN

Mexico City EXCELSIOR in Spanish 29 Nov 85 pp 4-A, 22-A, 36-A

[From "Political Fronts" column, by Guillermo C. Zetina; for related article see JPRS Latin America Report of 26 Nov 85 (JPRS-LAM-098), p 100]

[Text] Intense Battle in Chihuahua: PAN

"PAN [National Action Party] has every chance of winning more victories in the 1986 elections," claimed the PAN mayor of Ciudad Juarez, Francisco Barrio Terraza, explaining: "Just like the economy, the political control has gone out of the Federal Government's hands." Alejandro Irigoyen reports: "The deterioration is increasing, and at a fast pace."

He claims that the electoral battle in Chihuahua "will be intense," adding: "PAN will adopt its own style of candidate for governor, in order to create conditions so that the political cost will force the system to yield the state power to the opposition."

Barrio has been a potential National Action candidate for the governorship since the well-known electoral victory that he won as a candidate for mayor of Ciudad Juarez, defeating Santigao Nieto. On 26 January, it will be decided whether he will be a candidate, although mention has also been made of Luis H. Alvarez, former presidential candidate and mayor of the Chihuahua capital.

2909
CSO: 3248/100

PAN ANGERED BY BILL TO 'REFORM' CHIHUAHUA ELECTION LAW

Mexico City EXCELSIOR in Spanish 5 Dec 85 pp 4-A, 20-A, 28-A, 30-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Text] A bill sent by PRI [Institutional Revolutionary Party] to the Chihuahua local congress brought about a political storm in that state, where the National Action Party [PAN] threatened to withdraw from the coming elections and give up the positions representing the people that it holds at present, such as the mayors' offices in Chihuahua, Ciudad Juarez,Camargo and Delicias, and five local deputies' offices.

The proposal from PRI members Mario Guerra Favela, Victor Aguilar Arista and Jorge Castillo calls for reforms to the administrative code, aimed at making the officials for voting booths and party representatives for the forthcoming elections residents of the section that they would represent, accredited with a length of residence of at least 6 months; and also making the parties' general delegates number as many as three for each electoral district, at the discretion of the Electoral Committee chairman.

After meeting yesterday with the acting governor, Saul Gonzalez Herrera, accompanied by mayors and deputies from his party, the PAN leader, Guillermo Prieto Lujan, noted that those reforms "reveal that the government is ready to commit electoral fraud, not only by altering the electoral list, stealing ballot boxes and pressuring voters, but also by committing a 'technical' fraud, with the legal grounds that the passage of this law would give it."

Prieto added: "It would be better to propose the cancellation of the elections in Chihuahua, because there is apparently no intention of letting the people vote for any option other than the government's."

The PAN mayors of Chihuahua, Ciudad Juarez, Camargo and Delicias (Luis H. Alvarez, Francisco Barrio Terraza, Carlos Aguilar Camargo and Horacio Gonzalez de las Casas) told correspondent Alejandro Irigoyen that, if the bill is passed, they will explore the possibility of withdrawing from their positions, "because the seriousness of the situation demands a forceful response, which will represent a high cost for the system."

Barrio claimed that the bill is aimed at "making the electoral process less democratic." De las Casas remarked: "While there is talk of democracy, with this law any possibility of the electoral parties' participation in the elections is precluded." Alvarez commented: "The political system must fully assume responsibility for its actions; and if, perchance, it thinks that Mexico is not ready for democracy, let it say so openly."

While the PAN commission was attempting to hold a hearing with the acting governor, over 100 members of the Popular Defense Committee stationed themselves in front of the governor's offices, insulting the PAN members, who had to run and take shelter in offices. The mayor of Ciudad Juarez, Francisco Barrio, sheltered himself in the offices of the general secretary of government, Rogelio Villalobos, according to Alejandro Irigoyen.

2909
CSO: 3248/100

EIGHT PRI DURANGO 1986 GUBERNATORIAL CONTENDERS NAMED

Mexico City EXCELSIOR in Spanish 7 Dec 85 pp 4-A, 21-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Text] Governor Armando Del Castillo Franco declared yesterday that PRI [Institutional Revolutionary Party] will not nominate its candidate for governor of Durango this year.

He claimed that the aspirations of those mentioned to succeed him in the position after 15 September 1986 are legitimate; citing the secretary of education, Miguel Gonzalez Avelar; the labor senator, Jose Ramirez Gamero; Maximiliano Silerio Esparza, Angel Sergio Guerrero Mier, Carlos Galindo Martin, Guillermo Becker Arreola, Fernando Favela, Gonzalo Salas and others as viable prospects.

Del Castillo noted that these names "have been heard in political circles, but they have by no means come from the state government."

Our correspondent in Torreon, Coahuila, Alonso Gomez Uranga, asked the governor whether Fidel Velazquez' remark that the one who moves doesn't come out in the photo was applicable to the succession; and he replied: "That's so, but the one who averts his gaze doesn't come out either."

2909
CSO: 3248/100

JUDGE SEES FURTHER DELAY BEFORE VERDICT IN DIAZ SERRANO CASE

Mexico City PROCESO in Spanish No 471, 11 Nov 85 pp 30-31

[Article by Miguel Cabildo]

[Text] Less than a month away from the halfway point in the Moral Renovation presidential term, most of the trials of former government officials are in a state of semi-paralysis.

Legal maneuvering on the part of defense attorneys as well as the agents of the Public Ministry assigned to the courts is delaying the decisions, holding up the sale of confiscated goods, and preventing the prompt and expeditious meting out of justice.

Jorge Reyes Tayabas, judge of the 9th District Penal Court, explained to PROCESO that the delay in some trials is not due to orders from above or pressures. "The autonomy of the Judiciary is completely intact," he said.

He noted that in all cases a reasonable deadline is given for the submission of evidence by both sides, as long as the evidence is appropriate and relevant.

The defendant has a right to have a verdict within a constitutionally mandated period (1 year), but many waive that right and resort to all possible legal remedies to prove their innocence.

"But there is a rational limit to all this," he added, "because we can't spend our entire lives on a single case."

Among the many cases on the docket in Reyes Tayabas' court is that of former PEMEX director and Senator Jorge Diaz Serrano.

Regarding that matter, he stated: "There are still a lot of matters pending, and as long as the two sides keep submitting more evidence, we cannot end the proceedings. That is why I think the verdict will be a long time in coming."

Diaz Serrano is being held at the Reclusorio Sur jail, where it was confirmed that although he is in good health, he is in a state of severe depression.

Other cases have already gone through the necessary procedures and are ready for the final conclusions. Such is the case of Efrain Niembro Carsi, former director of technical economics at the Secretariat of Agriculture and Water Resources. He is accused of bribery and fraud involving more than 36 million pesos, in a case pending in the 1st District Penal Court.

Salvador Jauregui Preciado, an aviation pilot for the Federal Electricity Commission, is also being prosecuted in that court for fraud, falsification of documents and criminal association, for more than 147 million pesos.

Other cases awaiting final resolution are that of former Deputy Lidia Camarena, accused of fraud; Hector Garcia Hernandez ("El Trampas"), accused of fraud involving more than 100 million pesos, in a case that is now on appeal; and former Airports and Auxiliary Services (ASA) Director Jorge Cendejas Quezada, who is being prosecuted for fraud and falsification of documents for more than 100 million pesos.

Another noteworthy case is that of Leopoldo Ramirez Limon, who has three charges against him: fraud, embezzlement and abuse of trust.

According to reports from the Office of the Attorney General of the Republic (PGR), most of those being prosecuted under the Moral Renovation program had more than 12 billion pesos worth of goods seized from them, including works of art, cars, jewels and various commercial papers.

Due to the delay in the final disposition of the cases, the PGR has not been able to auction off these goods. The problem is that as long as no verdict has been rendered, none of the goods seized as a precautionary measure can be put up for sale.

8926
CSO: 3248/99

B. JUAREZ ON CLERICAL DEPUTIES QUOTED IN EPISCOPAL ORGAN

Mexico City DOCUMENTACION E INFORMACION CATOLICA in Spanish 24 Oct 85 p 686

[Commentary by Father Olimon Nolasco]

[Text] Editor's Note: On 9 September 1985 Father Olimon Nolasco, professor of history at the Pontifical University of Mexico (UPM) sent to the column "Foro de Excelsior" a letter regarding an article titled "Harmful Religious Sects." The letter calls for the clarification of some issues, and ends with a quotation from the Official Gazette of the Supreme Government of the Republic in 1867, in which Benito Juarez expresses his opinion on "clergymen" running for deputy seats. Here is Father Olimon's article, which has not yet been published in "Foro de Excelsior":

I would like to take up some space in "Foro de Excelsior" to state that the article titled "Harmful Religious Sects" by Jose Cabrera Parra (9 September) contains some elements that require clarification. If the article contained an official position and not just a personal one, the clarification is no longer just advisable but becomes imperative.

It is imprecise to lump together " . . . various religious groups of all kinds of creeds and churches." The Catholic Church in Mexico is not a sect, and its presence is intrinsic, not external, to the soul and the history of the nation. A few days ago, the Episcopate recalled some irrefutable points: "This people rallied around a close and intimate symbol, the Virgin of Guadalupe, whose mestizo image was taken by Father Hidalgo from the Atotonilco sanctuary to symbolize a struggle and a hope that culminated in the 'three guarantees' of the Plan of Iguala, which are forever embodied in the colors of the flag" (Cf. Excelsior, 7 Sep pp 5 and 28).

A certain amount of political influence is normal in a proper evangelical movement, and in modern societies it is an element of genuine democratic coexistence. It is quite another matter, however, when seditious, violent or common criminal acts are committed on the pretext of religious teaching. These acts must be ferreted out and proven, so that we will not live under the "law of the jungle," especially since, happily, there is no crime of "social dissolution."

On the other hand, it is dangerous and conducive to repression to deal with these matters by presenting arguments of exception, as the current constitutional system does, with repeated but never proven claims of "anti-patriotism" or requests for intervention by the executive branch (Ministry of Government). We must be courageous enough to put these questions in the proper perspective in historical and sociopolitical research, in the legislative and judicial spheres. Is the infringement of Mexican citizens' civil rights just merely because it appears to be legal?

I believe we should reflect on what Benito Juarez stated in 1867, regarding the possibility of clergymen running for deputy seats: "With regard to clergymen, since they are citizens it does not seem fair to deprive them of one of the most important rights of citizenship. Furthermore, the presumption that they would exert an undue influence to become deputies does not seem sufficient reason to deprive them of that right; because we must necessarily trust in the electors' discretion to choose a deputy properly and freely, and because the influence of the clergy has not commonly been considered so dangerous, and priests have not usually been so presumptuous as to try to exert an illegitimate influence to have themselves elected, but rather to elect people they trusted." (Official Gazette of the Supreme Government of the Republic, Volume I, No. 1, 20 ag. 1867).

Facing the elections of 1867 and a problem that is not stated in those terms today, sensitivity to justice, prudence, and a sense of risk prevailed. Did they prevail in the 1985 elections, and will they in 1988? We hope so. Mexico cannot fear democracy, because that would reduce it to a faction.

8926
CSO: 3248/99

BANRURAL INCREASES INTEREST RATES ON LOANS TO FARMERS

Mexico City LA JORNADA in Spanish 12 Oct 85 p 10

[Article by Jaime Contreras Salcedo]

[Text] Taking a measure that will surely make credit conditions even more difficult for small producers and will have repercussions on agricultural and livestock production, the National Rural Credit Bank increased its interest rates, raising some of them to levels charged by the commercial banking system.

As of October 1, the cost of credit for peasants with the lowest income increased by 27 percent compared with the rate in force in September. Meanwhile, agroindustry receives the same treatment as commercial banks grant to commerce and industry.

The same interest rates are charged by the Institutional Trusteeships for Agriculture (FIRA) of the Bank of Mexico and the Trusteeship for Credit in Irrigated and Rain-watered Areas (Ficart) with the approval of the economic cabinet.

For low-income producers who receive up to one thousand times the minimum rural wage, the interest rate rose from 32 to 40 percent for crop- and equipment-secured loans, and rose from 30 to 38 percent for farm loans. This rate is charged on credit contracts being made for the autumn-winter 1985-1986 season that is now beginning.

For agroindustrial and commercial activities interest rates of 59 percent will be charged for basic products and 67 percent for other products. This last figure is three points lower than the average of the rates of interest (70 percent) charged by commercial banks.

Thus, for example, a one-million-peso credit would mean paying 670,000 pesos in interest: about 4,575 pesos a day, the equivalent of slightly more than a month's wage of the average farm worker.

On the other hand, the discount levels for producers of basic products are equal to that applied to other activities, such as export crops, both in primary farm activities and in agroindustry where yearly income exceeds three thousand time the minimum rural wage.

Other programs and trusteeships charge 36 percent interest on crop- and equipment-secured loans, and 34 percent on farm loans in the case of the lowest income producers and from 44 to 42 percent for middle-income produce producers.

Large producers pay 58 percent on crop-and equipment-secured loans, and 56 percent on farm loans.

12856/9190
CSO: 3248/68

BRIEFS

RAIL WORKERS' WAGE BOOST--Veracruz, 11 Oct--The Mexican National Railroads Directorate authorized for workers in general a 30 percent wage increase that will also apply to pensions of retired workers, it was reported here by the president of the Vigilance Committee of the Railroad Workers Union of the Mexican Republic, Jorge Peralta Vargas. The increase will be effective as of 1 Oct, as railroad workers already began to collect retroactive payments on the increase authorized by the enterprise on 1 Nov 1984. He said about 6,300 employees collected 3.5 billion pesos altogether. Peralta Vargas said that the crisis the enterprise is going through is due to the fact that the real costs of railroad service are not being charged. If this situation continues "the company will remain in bankruptcy and the federal government will have to continue subsidizing it." It is not advisable, he said, to reduce the total of 80,000 workers employed throughout the country since at this time the federation has demanded greater production from the railroad union so as to lower the curve of working hours on transport service. In order to reach this goal, he said, it is necessary that all railroad workers and the government collaborate in an organized way so as to avoid any conflict between the employer and the union. [Text] [Mexico City EXCELSIOR in Spanish 12 Oct 85 STATES section p 3] 12856/9190

CSO: 3248/68

NICARAGUA

MOTIVES, HOPES OF FDN PEASANT REFUGEE RECRUITS EXPLORED

Munich SUEDDEUTSCHE ZEITUNG in German 5 Dec 85 p 3

/Article by Kurt Kister: "Gathering Strength in Camps of Misery-Refugees From Nicaragua Return as Anti-Sandinista Fighters to Their Homeland From the Camps in the Border Area"/

/Text/ Jacaleapa, late November 1985--It surely it not just a coincidence that the road leading from Tegucigalpa via Danli to the border between Honduras and Nicaragua ends at a place called Las Dificultades. Las Dificultades translates "difficulties," and no other name would be better suited to describe a place on that border--in fact, the entire region. Not perhaps because by central European standards it is in fact not all that easy to get from the capital of Honduras, Tegucigalpa, to the border area 120 kilometers to the northwest. The "only thing" the traveler needs to do is to find the right bus station among the numerous stations in one of the shantytowns proliferating seemingly without end across the hills of Tegucigalpa and arrive there in time to come up with a seat. Then, if after a ride of an hour and a half through lush country of medium-high mountains he is fortunate enough to find one of the venturesome taxis in Danli, a provincial capital composed of currugated iron and wooden huts, he has almost reached his destination. Between Danli and Jacaleapa, the passenger notes how wonderfully the broken shock absorbers of the taxi increase the effect of the numerous potholes, an experience he is then allowed to pay for by giving the driver a fare which doubtless is strongly inflated--for, after all, the taxi driver knows his gringos. Having advanced this far, the visitor has reached the point of no return. Either he gets on a Red Cross vehicle that happens to pass by, or he simply walks the remaining 6 kilometers to the Jacaleapa refugee camp.

The Root of All Evil

This last cross-country way leads right into the problems of a crisis-shaken region. About 30 kilometers from the green border with Nicaragua, approximately 2,800 Nicaraguans are housed in the Campamento Jacaleapa--people who have fled from a war which has been waged with increasing bitterness for 5 years at the nearby northern border of the Sandinista state, but also at the other end of Nicaragua, where it borders on Costa Rica. The

Nicaraguan Army, the militia forces and a sizeable number of more or less well armed formations are confronted by a total of 15,000 to 20,000 guerrillas. In Nicaragua they are referred to briefly as "La Contra" --the counterrevolution.

Pascual Cornejo recounts that, risking his life, he left on 15 October 1982 in a caravan of 700 people to escape across the mountains to Honduras, traveling for 3 days. "At that time," he reports, "there was a lot of fighting for Jalapa, the town I come from." The Sandinista Army had forced him to leave his rural possessions: "I lost everything--my cows, my fields." Nicaragua had been a rich country before the revolution, but now "everything is gone." For Jose Ramirez too, who fled from his homeland across the border with Honduras, the Sandinista revolution is the root of all personal evil. He had refused the join the militia, and this had lef to his arrest: "I do not want to take up arms for the Sandinistas. So I left everything behind and came here."

A lot of the men who surround the visitor in a kind of common room, which at the same time serves as a mill for the camp, cite reasons for their flight which could quite similar. Most of them used to be small peasants or rural workers who had hardly had any personal experience of the brutal policy of repression of dictator Anastasio Somoza and his Guardia Nacional. They lived dispersed over rural areas which were affected little by the liberation struggle of the Frente Sandinista de la Liberacion Nacional (FSLN), the Sandinista Liberation Front. A couple of years after the FSLN had assumed power, it was precisely these remote border regions which became centers of the Contra's armed struggle, which in the beginning was waged primarily by former members of the Guardia. From the impassable mountainous terrain, the anti-Sandinista guerrillas staged their attacks and raids deep into Nicaragua.

For many of the rural inhabitants with their simple logic, it was plausible to draw the conclusion Pascual Cornejo drew: "When the Sandinistas came to power, the war began for us." And: "Under Somoza we lived in peace, were able to go to church, and no one took our land away from us." For quite a number of the Nicaraguans in exile today, the final push to leave their homeland was provided by the resettlement, in part against their will, organized by the Sandinista Army. To deprive the Contra of recruits and food, but also to protect the dispersed peasants from raids, many were forced to leave their individual farms and ancestral land and to settle in new villages which in various ways it was easier to control.

According to official figures of the UN High Commission for Refugess, which maintains the camp in Nacaleapa and another camp at Teupàsenti 30 kilometers away, at present 5,600 Nicaraguans of non-Indian stock live in camps in Honduras. A further 13,100 Nicaraguan Indians, preponderantly Mosquitos, fled to Honduras because of the Sandinistas' resettlement policy in the Atlantic regions. Today they live in a large number of fairly small camps along the Atlantic coast of Honduras, in so-called Mosquitia.

Living conditions in Jacaleapa are hopeless. On a broad flattened stretch of loam about 150 shanties were erected in several rows, and new arrivals of the past few weeks have been put up temporarily in large army tents. There is a bit of land for raising vegetables, but the raised food is wholly inadequate, and all refugees have to rely on UN food supplies. Once every 6 months they receive gifts of clothing. Despite comparative freedom of movement, there is hardly any opportunity for them to earn any money of their own nearby. The inhabitants of Jacalaepa and Danli, the closest places, keep a hostile distance from their uninvited guests. In the case of many children (about half of the camp dwellers are under 15), one can tell they have received the wrong nourishment or are undernourished.

In other words, the kind of refugee camp which corresponds entirely to the awful "normalcy" of camps one can see in all "crisis areas" of the world? At first glance, yes. But if one looks closer, this impression is "disturbed" by many robust young men who as a rule can hardly be found in such camps. It is not hard to start a conversation with them. One, who identifies himself only as Jose Maria, willingly supplies information about himself and people of his age. "Tomorrow," he says, "100 men from this camp will go to Nicaragua." What, back home? "Yes, but armed."

By and by, with the lively help of many of his friends, he tells the whole story. They are fighters of the FDN, the Fuerza Democratica Nicaraguense. Numerically, the FDN is the strongest body of anti-Sandinista guerrillas, receiving the lion's share of support from the United States and having between 9,000 and 15,000 men under arms. In Jacaleapa itself, Jose Maria states very emphatically, there is no kind of military equipment at all. After all, it is a refugee camp and not a military camp, says the guerrilla, who apparently is recuperating in Jacaleapa from the war. The camps of the FDN Contra are located nearby on Honduran teritory. "We go from here to an assembly area. There a truck comes and gets us." According to the young FDN men, the military commander in this region bears the cover name "Comandante 380."

Jose Maria thinks it is a matter of course that, being refugees from a war area, they return as fighters to their homeland, thus constantly renewing and continuing the violance which they cite as the reason for their flight. "As long as the Sandinistas rule in Managua, there is no possibility other than armed struggle." Everyone of them, says another guerrilla, maybe 17, wants to get back to Nicaragua as quickly as possible, but "the godless Sandinistas understand only the talk of guns." Moreover the FDN was setting itself the task of freeing the country from "foreign rule," for "over there, there are Cubans, Russians, Bulgarians, and Libyans all over the place." Jose Maria himself (he recounts with visible pride) took a dead Cuban lieutenant's military ID during an encounter in the Province of Matagalpa in Nicarague. "Among us," he says, "there are no foreign mercenaries; we fight only against communism." The support from Washington and the monetary donations and arms supplies from militantly anticommunist organizations from the United States (for instance, the Nicargua Defense Fund at Boulder, Colorado) are interpreted as recognition of "our liberation struggle." In the view of the FDN men, the trainers from the United States, mostly Army veterans concerning whom it is not always clear by any means whether they only belong to the opaque "private military sector," are not mercenaries but idealists who happen to perceive "democratic resistance" as the alternative.

Judging by direct observations and the reports of FDN fighters, the Honduran Army does not put any obstacles in the way of the Contra. Whereas the camps of refugees who have come to Hondruas from El Salvador are under the strict guard of Honduran soldiers, being regarded as supporters of the leftist Salvadoran guerrillas, one cannot see a single Honduran uniform anywhere in the proximity of Jacaleapa or farther away.

As recently as a year ago, the Contra was openly supported by the Honduran military, with the FDN political and military leadership holding assemblies and press conferences in Tegucigalpa. Only after the fall of the high-handed and brutal supreme commander of the Army, Gen Gustavo Alvarez Martinez, in April 1984 did the attitude of the Honduran Armed Forces at least change a little. Until then the Honduran Foreign Ministry despite clear proof to the contrary had time and again denied the existence of FDN camps in Honduras, while Gen Alvarez called on the United States to intervene militarily in Nicaragua.

Distrust--Almost Perforce

Under Alvarez's successor, Air Force Gen Walter Lopez Reyes, the freedom of movement of the anti-Sandinista guerrillas has been more limited, which was also apparent when the Army recently prevented the unloading at Tegucigalpa airport of a plane which had arrived from the United States with aid for the Contra. But, contrary to an announcement by Gen Lopez Reyes in July 1985, there is no question today of disarming of the FDN, let alone expelling the guerrillas. Honduras is in a dilemma. On the one hand, Tegucigalpa wants to avoid the constant incidents with Nicaraguan troops due to the presence of the FDN in the border area. On the other hand, the FDN activities receive support from Washington, and U.S. foreign policy concerns continue to have a decisive influence on Honduran policy.

The representatives of the UN High Commission for Refugees are in a relatively helpless position. The refugees, says Louis Villalprando, the highest UN representative in Hondruas, simply are part of the overall political situation in Central America. "We try to prevent the camps being misused in any form for the support of a struggle against a government," he states. Fur he realizes, somewhat resigned, that these efforts are not exactly being successful. Moreover, he says, what his organization can do depends a great deal on the attitude of the host country, and "the Honduran Government happens to regard the Nicaraguans as 'better' refugees than the Salvadorans." These concerns, Villalprando continues cautiously, also contribute to the United Nations occasionally being suspected of supporting the Salvadoran guerrillas, despite the fact that the refugees from El Salvador merely are receiving the same assistance as the Nicaraguans. Whoever--like the UN people--tries even in just one sector of the Central American conflict to be impartial almost perforce encounters distrust--among all those, whether they are in Jacaleapa or in Tegucigalpa, in Managua or in Washington, who simply know only two sides: friends and enemies.

8790/12276
CSO: 3620/162

IU PARTIES DEMAND END TO SUPPORT FOR GARCIA ADMINISTRATION

Lima EL DIARIO DE MARKA in Spanish 14 Nov 85 p 2

[Text] The United Left crisis, a product of the lack of definition, loss of identity, conciliation and excessive collaboration with the new Aprista [American Popular Revolutionary Alliance] government, is apparently coming to an end. The total immobility of that political front, which constitutes the second largest national force, was broken about a month ago when Senator Genaro Ledesma of the FOCEP [Student-Peasant-Worker Popular Front], then taking his turn as coordinator of the IU, summoned the National Leadership Committee (CDN), initiating a series of meetings for the purpose of analyzing the national situation and taking a separate political and ideological stance from the APRA in power.

It is common knowledge that at the many meetings of the CDN, opinions and suggestions were exchanged by all the parties belonging to the front and that a lengthy statement of political consensus was drafted. However, Alfonso Barrantes, mayor of Lima and president of the IU, nervously refused to sign it.

The impasse resulting from the unexpected attitude of Barrantes, who, without any apparent motive other than that of the criticism of its errors, seems to be being overcome by the summons issued by three major members of the IU, which express their opinions of the document approved and, in the final instance, propose a discussion by the rank and file. The following is part of the statements issued by the PUM [Mariateguista Unified Party], the UNIR [National Union of the Revolutionary Left] and the FOCEP.

UNIR Charter

Acting upon the instructions of the National Executive Committee of the UNIR, it is my responsibility to write to you expressing our serious concern over the impasse created within the highest leadership organ of the United Left, the lack of whose solution not only prevents the publication of documents unanimously sanctioned at the last meetings of the National Leadership Committee, but also, and this is even more serious, deepens the crisis afflicting the political front, aggravates the bewilderment and discouragement of members and sympathizers and enables the APRA and the traditional right to intensify their action aimed at splitting and dividing the United Left.

We must recognize that this situation is absolutely untenable. The workers and the poor require the greatest responsibility and consistency of the United Left and the parties that constitute it.

We call upon your revolutionary conscience and commitment to the people and history to resolve this problem adequately in the remaining days of this week.

We continue to wait with faith and trust. However, if things continue as they are now, the UNIR, based upon the mandate of its Second National Congress and certain that the United Left rank and file so wish, will do whatever is fitting so that the latter, who in the final analysis, may rightfully make whatever decisions are necessary, may thus preserve the revolutionary and programmatic unity of the United Left and the concrete possibility of being an alternative of government.

Statement by the PUM

The Mariateguista Unified Party (PUM) has issued a bulletin demanding the reaffirmation of the programmatic resolutions made in the drafting of the pronouncement recently written in order to define the political identity of the Front and begin the inevitable split with the program of the Aprista government.

The PUM recognizes the need to overcome "incoherencies with the approved political line," to make "abundantly clear the limitations of the Aprista reform," as well as the ratification of the IU posture on the so-called "dirty war," militarization of the emergency zone and the treatment of political prisoners. On this last point, although they do not mention it, they obviously refer to the contradiction created by Barrantes by labeling as "mere excesses" (six) the havoc wreaked by the civil war being waged in the central mountains.

The CDN thus proposes the formation of the Fifth Expanded National Leadership Committee, essentially to review the tasks completed and engage in tactical discussion confronting the APRA. It also proposes the prompt formation of "effective collective leadership within the current CDN." It then goes on to deal with other aspects of the future policies of the Front, such as the process of issuing cards to IU members and the calling of a National Congress, the first of its type, for July of next year.

The bulletin concludes with a reaffirmation by the PUM of four basic alternative points vis-a-vis the APRA. They are: 1) nonpayment of the foreign debt, nonremission of foreign exchange abroad and an exclusive monopoly of PETROPERU [State Petroleum Agency] over the national oil holdings; 2) the formation of "emergency civic governments" in the emergency zone, amnesty for political prisoners and the resignation of the minister of defense; 3) the formation of "regional governments," with the prerogative of administrative autonomy that Puno demands in order to become a region; and 4) an increase in wages and salaries.

Pronouncement of the FOCEP

Following the 14 April elections, the IU fell into a period of immobility and political abstentionism in the face of the inoperativeness of the National Leadership Committee, mainly the responsibility of all its members. Confronted with the crisis, certain IU leaders have confined themselves to supporting the positive aspect of those measures and criticizing negative aspects.

When our party took its turn as coordinator in October, there was an obvious need to make a self-critical evaluation of that immobility, while spelling out the IU's position on the Aprista government. It was therefore resolved to issue documents: one on the internal situation of the IU and another on the IU's position on the current political situation.

It should be emphasized that in the document on the political situation, our position on the Aprista government is that of describing it as a reformist government that in no way changes the structures of the capitalist system, a government to which the IU should develop revolutionary, programmatic and mass opposition. With respect to points of partial agreement that might eventually be reached with the APRA, the IU, assuming the position of taking the floor, will fight to see that such points be implemented beyond mere bourgeois reformism.

Also of importance is the agreement to guarantee the collective political and organic leadership of the IU, emphasizing the operation of the Permanent Secretariat made up of the current coordinator, the retiring and future coordinators, and the president, invited as a permanent guest of the acting coordinator of the National Organizing Committee of the IU.

The series of agreements drafted in the central documents made it possible to summon the CDN to the 5 November meeting for their signing, but that signing did not take place.

The FOCEP stresses the need to have the entire National Leadership Committee sign the documents in question without any modification that would change the essential contents. If difficulties continue to stand in the way of their signing, then the documents should be referred to the rank and file for discussion and approval by a National Assembly.

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CSO: 3348/219

PERU

RED FATHERLAND HEAD GIVES OPINIONS ON BARRANTES' LEADERSHIP

Lima EQUIS X in Spanish 18 Nov 85 pp 32-36

[Interview with Alberto Moreno, secretary general of the Red Fatherland Communist Party of Peru, by Elias Moreno; date, time and place not given]

[Text] At the end of October, Alberto Moreno, secretary general of the Red Fatherland Communist Party of Peru, came out of hiding. Without a doubt this party is the most significant of the national left in terms of its parliamentary delegation and its popularity with the masses.

His public appearance took place on the occasion of the congress of the UNIR, the front which Red Fatherland heads. At the inaugural ceremonies, the president of United Left (IU), Alfonso Barrantes Lingan, stated that Moreno could eventually succeed him in that post.

Born in a central mountain town 44 years ago, a former miner and school teacher, Alberto Moreno is a charismatic leader. His pensive style undoubtedly stems from the fact that he is self-taught.

In the following interview, the main leader of Red Fatherland expresses his views on the national situation.

[Question] How do you explain, Comrade Moreno, your existence as an underground leader in a party that has representatives in Parliament and carries out eminently public activities?

[Answer] Everything is determined by the political needs of my party, including my devotion to the building of the party, to theoretical problems, to planning matters, and other things . . .

[Question] Does this mean that your party is also carrying out clandestine activities?

[Answer] We are engaged in a variety of tasks. A significant number of our leaders perform public, overt work, as is well known, while others devote their time to internal work, depending on the demands and needs of the time.

[Question] Is the internal work subversive?

[Answer] These are components of a style of work . . .

[Question] Is it for security reasons that you stayed underground for so long?

[Answer] There is obviously some of that, but that is not the basic reason.

[Question] And why was the decision made for you to come out into the open finally?

[Answer] There are political needs, and the party believes that this is the right time for it to express its opinion more widely, given the diversity of national problems. Another goal is to contribute to the impetus, the task of building the UNIR and of strengthening United Left.

[Question] Most people do not know for sure what it means to live underground. What has your life been like until now? Have you spent all your time fleeing and hiding?

[Answer] My work, under the conditions that have prevailed for me, required certain rules of conduct. There had to be secrecy, of course, but it has not been very difficult.

[Question] But you have met periodically with the leaders of United Left, haven't you?

[Answer] Of course, I participated very actively during the selection of candidates for the last general elections. I also participated in most of the meetings of the Executive Committee; I am a member of that committee . . .

United Left and Alfonso Barrantes

[Question] And what is your opinion, then, of the action that United Left is carrying out at this time? It is criticized for being somewhat immobilized, and some even say that Alfonso Barrantes lined up behind Alan Garcia . . .

[Answer] United Left is obviously having difficulties. It is not responding to the needs and requirements of the struggle. There is immobility, passivity, a lack of clear delineations between it and the ruling party. At this time we are undergoing an intensive debate to redefine the situation and reorient the work, to make United Left fulfill the role for which it was formed.

[Question] Do you believe that these changes necessarily mean that Dr Barrantes will be replaced as president of United Left?

[Answer] No. The problem is not primarily one of individual people; it is choosing the right path. We hope that after the discussions, the critical analysis of our experiences, and the corresponding self-criticism, the situation will return to normal.

[Question] What do you think of Barrantes' personal accomplishments?

[Answer] There are undoubtedly positive aspects to his efforts. He has achieved some major successes, but I also understand that an overall assessment must be made of what has been done so far.

[Question] Dr Barrantes stated a few days ago that you could succeed him as president of United Left. Is there any likelihood of that?

[Answer] I do not have any particular personal aspiration to hold that office or any other office or candidacy. In any case, that is very kind of Dr Barrantes, but the decisions in that regard are made at the political level, not the personal one. The main thing is to strengthen the front so that it can meet the current needs of the people, beyond what those who occasionally hold executive offices can do.

[Question] Do you believe, in any case, that United Left can remain together as a bloc?

[Answer] It is a necessity, an imperative, if we see things from the perspective of the interests of the popular movement, as well as the highly complex and difficult situation the country is now facing . . .

[Question] A difficult situation primarily because of the problem of violence, right? What is your position on the phenomenon of subversion?

[Answer] Several things enter into play here: We have always expressed our disagreement with the action of Sendero Luminoso [Shining Path], with its concepts, its style, its methods. With regard to violence in general, that concerns us. Violence is becoming widespread throughout the country, to the extent that it is one of the most serious problems that must be resolved. It will have a major impact on the dynamics of political action throughout this period.

[Question] One of the traditional slogans of your party has been "Power comes from the barrel of a gun." Don't you feel that Shining Path is putting into practice what you have always preached?

[Answer] There is violence and there is violence. When violence arises as a historical necessity, when it is regarded by the masses as the only possible way to deal with their problems, then it is justified. But when it is imposed arbitrarily and in a voluntarist manner, the situation is different. Moreover, there is also reactionary, conservative violence. That kind of violence has different manifestations, different behaviors with which we definitely do not agree.

[Question] In recent days there have been reports of the desertion of a given number of alleged Senderists. If this is true, do you think this paves the way for the pacification of the country?

[Answer] I don't believe so. The pacification of the country demands above all that substantive change take place. We have been raising the banner of peace, but with social justice. Without social justice, there is no sense in talking of peace.

[Question] What actions will you take now, as a public leader?

[Answer] My first action was to participate in the UNIR Congress. From now on we are going to go into the interior of the country to examine the situation of the party, to promote the organization of the UNIR, and also to facilitate an analysis of the situation in the different aspects of political life in this country.

Alan Garcia Perez Administration

[Question] What do you think of the American Revolutionary Popular Alliance (APRA) government? Do you believe that through it the country's problems can be solved?

[Answer] The country's problems require far-reaching solutions. In my opinion, the APRA party is only touching the surface. It is a government of certain partial reforms. It is a government that is charting a course on the external front that we could call the course of renegotiating the terms of semicolonial domination. It does not go any further. Historically, the experience with Velasco showed that reformism has its limits, and the Alan Garcia administration will not be able to exceed the limits set forth by the Velasco regime. Consequently, we can establish that the results will not be substantive, nor will the changes be significant enough to resolve the nation's problems.

[Question] Nevertheless, the popularity polls indicate that the majority of the Peruvian people accept what Alan Garcia is doing . . .

[Answer] First of all, the problem does not lie in judging certain moods that crop up among the population at certain times, but rather in real, objective conditions. Secondly, the crisis, in our opinion, is primarily a structural crisis, and that structural element of the crisis is not being attacked. In any case, there is a program designed to restrict the effects of the inflationary and recessive process that today characterizes part of the crisis, but that is all.

[Question] What words do you have for the Peruvian people during these times of crisis?

[Answer] First, the will of the broadest sectors of the population must unite. Second, they must understand that the country's problems can no longer be solved completely under the system in which we are immersed. Third, substantive changes must take place, but they will only be possible with the unification, the participation, and the organization of the vast popular sectors.

[Question] Is it possible that your party will once again take up the idea of the armed struggle that it used to advocate?

[Answer] From the theoretical standpoint, from the general standpoint, we think that violence is historically justified. We have not abandoned the idea that violence has its role in history. But the situation today is another matter. We must strengthen the democratic gains we have made, make the democratic process more deeply-rooted in opposition to the growing trend toward authoritarianism that we are seeing, assume the defense of the people's vital interests, and so on. This is the task we face today. Whatever comes tomorrow will have to be dealt with as the circumstances develop.

Moreno's Silences

Alberto Moreno, leader of the Red Fatherland Communist Party of Peru, has come out of hiding to become active in national public life. He has been presented as a veritable revelation by his supporters. He has shown a certain lucidity and a relative openness, manifested in his support for Alfonso Barrantes Lingan, among other things. This attitude contrasts sharply with the sectarian closed-mindedness of other leaders of his party. In this regard, his emergence from the underground may be healthy. Nonetheless, his vagueness and his silences are highly conspicuous. His proposals are cryptic and general, and do not reveal any basic innovations. They do not imply any real change in Red Fatherland. In the People's Republic of China, however, fundamental changes are indeed taking place in the ideological sphere. In Peking, Maoism is practically nothing but a museum piece these days. Even Marx is regarded without the usual dogmatic reverence. It is very strange that Alberto Moreno has not said anything so far about these fundamental issues. We would very much like to know that the leader of the Red Fatherland Communist Party of Peru thinks of the demands made by China's current leaders to include the market economy within socialism. Does Moreno support or oppose market socialism? We would also like to know his opinion of the dissolution of the statist Maoist communes and their replacement with family farm holdings. Let us hope that Alberto Moreno will not follow in the footsteps of other leftist leaders, who avoid the issues that make them uncomfortable. We place the pages of EQUIS X at their disposal so that they can respond to these questions.

8926
CSO: 3348/240

ADMINISTRATION STUDIES EXTENSION OF USSR CONTRACT

Lima EL COMERCIO in Spanish 17 Nov 85 p A-5

[Text] What Peru is studying at this time is not the renewal of the contract with the Soviet fishing enterprise Sovrybflot, but the extension of the term of the contract that expired in August, until 200,000 tons of fish have been caught.

This was reported yesterday by Nelson Cardenas Ojeda, vice-minister of fishing, after reopening the fishmeal plant in Puerto Carquin, Huacho.

The ceremony was attended by the general manager of the State Fishmeal and Fish Oil Production Agency (PESCAPERU), Juan Rebaza Carpio, American Revolutionary Popular Alliance (APRA) Deputies Juan Valdivia and Paul Caro, and United Left (IU) Deputy Efrain Vasquez.

According to Cardenas, the expired contract stipulated that the Soviet trawlers could catch a maximum quota of 200,000 tons of fish, and when the contract expired in August, they had caught only about 140,000 tons.

"Thus," he said, "what the Public Enterprise for Fishing Services (EPSEP) is doing is extending the term to cover the quota that had initially been stipulated."

The terms of the extension, he explained, would be the same as those of the expired contract: 15 percent of the Soviet trawlers' production would go to the Peruvian Government at no cost.

The Carquin plant makes nine PESCAPERU plants that have reopened in the last few months. The same has been done already in Chicama, Chimbote, Supe, Callao, Tambo de Mora, Pisco and Ilo (with two plants). The plant at Mollendo will reopen soon.

In statements to EL COMERCIO, the vice-minister of fishing said that the reopening of these ten fishmeal and fish oil plants, which have the capacity to process 100 tons of fish per hour, means that PESCAPERU faces a certain supply problem with the fishing fleet.

At present, he indicated, these plants are supplied by the small anchovy fishing companies (PEEA), but in view of the prevailing problem, and in accordance with a decision by the enterprise, PESCAPERU may seek sources of financing to establish its own fleet, said Cardenas.

Another goal of the present government, said the vice-minister, is to revitalize EPSEP so that the direct consumption of fish can help effectively solve Peru's food problem.

In this way, he stated, five EPSEP fishing boats are now being repaired, and negotiations are underway with the Bank of the Nation to permit the use of a trawler that is in its possession.

With these six boats, 50,000 tons a year can be obtained for direct consumption, he went on.

Nevertheless, he warned, there is still the problem of the high cost of petroleum for these boats. Preferential treamtent by the State Petroleum Agency (PETROPERU) is being investigated, but it appears that that would cover only fish for human consumption, not industrial use.

Regarding the depredation of larvae in Tumbes, Cardenas noted that upon returning from Mexico this week, the minister himself will visit the area to solve the problem.

8926
CSO: 3348/241

MINISTER OF JUSTICE DENIES STATE OF CIVIL WAR

Lima EL DIARIO DE MARKA in Spanish 13 Nov 85 p 5

[Interview with Minister of Justice Luis Gonzales Posada, by Carlos Angulo; date and place not given]

[Text] [Question] What could you tell us about the statements issued by the Peace Commission?

[Answer] I would say that we are not in a state of civil war. There is indeed a situation of violence localized in specific regions of the country, but this does not mean that we are in a civil war. If we were, we should have to apply the constitutional article declaring a state of siege, which is one degree worse than the state of emergency based on our constitution.

Second, I believe that the action of the Sendero groups or of the terrorist groups is truly minimal and totally insignificant in terms of the country as a whole, which rejects such actions.

In other words, I do not believe that we are in a state of civil war, but rather, facing a situation of violence that has gone on for several years, the work of subversive elements, and we hope that they will respond to the continuing call for peace made, not only by the government, but all political sectors, including the United Left (IU), and that can lead to the democratic system.

[Question] But does the naming of the Peace Commission not imply that there is in fact a civil war, a confrontation?

[Answer] No, not at all. The Peace Commission emerged specifically in order to have a bridge, as stated in the respective Supreme Resolution, leading to the pacification of the country. It did not come about because of any state of war in the country. We have not recognized this officially or semi-officially because it simply does not exist.

[Question] So the Peace Commission is ahead of itself?

[Answer] That is an opinion, I would say, of some members of the Peace Commission, which I respect, but do not share.

[Question] But it was that of the entire Peace Commission.

[Answer] No, not the whole Peace Commission. Those were statements formulated, I understand, by the Peace Commission coordinator. They naturally have the power to make the evaluation they deem proper, but we also have the power to agree or disagree with those evaluations.

At any rate, I believe that it is a judgment of value, one belonging to the Peace Commission, which, I repeat, I respect but do not share.

[Question] The Peace Commission was not unanimous?

[Answer] Well, you would have to ask the Peace Commission that question.

[Question] But the conference was in the name of the Peace Commission.

[Answer] Of course. Naturally, you would have to ask the Peace Commission about those statements, but we are looking at a clear and objective fact: The political constitution establishes in a precise article what is called the state of siege, which is in case of invasion, war, civil war or the imminent danger that it might occur, specifying the constitutional guarantees still in effect. The corresponding period is not over 45 days. In order to order a state of siege, Congress has to meet in regular session and the measure requires its approval.

I think, with all due respect, that the Peace Commission, the ruling it handed down is of value, is the personal judgment of the chairman of the commission, which does not necessarily imply agreement, as far as I am concerned.

Furthermore, I believe that the search for peace is not the exclusive task of the government or the Peace Commission. It is a task in which all Peruvians must be involved. I think that the statistical figures that have been given are simply frightful for a country such as ours, which wants to overcome its long history of poverty and frustration.

For example, we have the fact that nearly 350 members of the armed forces and the police have died as a result of terrorism. Material losses stemming from the destruction of electrical towers and related equipment amount to over 500 billion sols. Human lives lost, based on newspaper figures given semi-officially, total over 5,000.

[Question] If there is no state of war, then the other additional statements by the Peace Commission would have no meaning.

[Answer] Not necessarily, because the peace can be violated from the time there is a single death, when one electrical tower is destroyed, when there is one missing person. The state of war has a much more profound legal configuration and greater implications.

[Question] One does not necessarily have to apply the state of siege when one recognizes that there is a state of war.

[Answer] I go by what the constitution stipulates.

[Question] But have the armed groups declared war or not?

[Answer] The armed groups may have declared an action of terrorism, which is what they did declare, because I could also ask you: What is the program of action? What is the political, social, economic alternative proposed for the country by the Sendero Luminoso, for example? In other words, the term is not precise or adequate.

[Question] In addition, some newspapers have mentioned that the Peace Commission would be removed and changed upon the return of the president.

[Answer] I did not read that.

[Question] D'ornellas says so in CARETAS.

[Answer] Whatever the case, that is the individual view of one newsman working for EXPRESO. I could not say one way or another. What is certain is that the Peace Commission exists. The Peace Commission that was named has not been dissolved.

The Peace Commission exists. Anyway, that is pure journalistic speculation, in which our colleagues are free to engage within their right of freedom of expression.

[Question] But given that declaration, based on what you say, more or less, is the government not in agreement that....

[Answer] We obviously cannot be in agreement with everything the Peace Commission says or does or accomplishes because it would then not be a Peace Commission, but a court of justice with the power to administer and hand down justice.

No, definitely not. The Peace Commission gives opinions, hands down judgments, points out certain guidelines, some of which are followed while others are not. Let us not forget that it is an advisory commission, nothing more. In other words, I have an advisory team here. The advisory team may give its opinion, another adviser another opinion, and it is my power as minister to know which opinion to take, in keeping with the government's policy and orientation. It does not mean censorship, on my part, of an adviser of mine when he gives me an opinion that in the end I do not accept, because if that were the case, those in power would be the advisers. We would be in an upside-down world.

I believe that the resolution creating the commission is very clear. It states that an advisory commission must make a great effort to seek peace in the country.

[Question] Do you mean that the commission was wrong to make statements to the press?

[Answer] I do not say what is right or wrong. I say that it is the opinion of the Peace Commission which I respect, but do not share, just as what I might say is neither right nor wrong.

[Question] But as an advisory commission, can it speak to the press or not?

[Answer] They gave a press conference, a press conference at which they expressed a series of views, judgments and opinions, some of which obviously may or may not be taken by the government.

[Question] The Peace Commission is then a presidential-level commission?

[Answer] Yes.

[Question] Aside from this declaration of civil war, the commission proposes a working equation, speaking of a selective amnesty. What is your opinion on this?

[Answer] From the very first day, I have said, and I repeat, that it would be an enormous help if the Ministry of Justice were to be given that list of persons or an enumeration of names of persons believed to be involved in this deed, meaning the fact that they were unjustly accused or implicated in acts of terrorism or of having committed them. For us, with our team of lawyers and in coordination with the Ministry of Justice and the Judicial Branch, we could then greatly speed up the trials and obtain the freedom of those persons who did not commit such acts. Furthermore, you know that I went to the full session of the Supreme Court and to the Board of High Attorneys and presented this situation of excessive delays in the proceedings and I asked for greater speed. As a result of this, the full session of the Supreme Court provided for the appointment of special courts and special judges to consider cases of terrorism and speed up trials involving terrorists.

11,464
CSO: 3348/219

PUNO DEPARTMENT SEEN AS TEST FOR APRA DEVELOPMENT POLICY

Lima QUEHACER in Spanish Aug-Sep 85 pp 51-64

[Article by Jose Maria Salcedo: "Is Puno Waiting for Sendero?"]

[Text] Is another Ayacucho imminent?

Although it has not achieved the notoriety it has in the zones where a state of emergency has been declared, the Sendero Luminoso (Shining Path) has made its presence felt through a number of attacks in one of most neglected departments of the country.

Puno, which is one of the zones which has suffered most from the combined rigors of nature and blind centralism in Lima, is becoming the stage for a Senderist attempt to establish "support bases" which will make future actions possible.

But this is certainly not the sole ingredient in a potentially explosive situation. Social structures, abuses by the authorities, interrelationships among groups in power, inefficiency, shortsightedness, lack of police force training--all are contributing in a kind of laboratory for what we might call the "Ayacuchanization" of certain zones in this department. Naturally, the social forces which can slow this subversive escalation are also to be found there. These are social forces, however, which tend to be excluded or identified with subversion itself, given the present state of affairs.

There is every indication that with the new government, Puno will be the scene of a kind of "test." President Alan Garcia has shown special interest in the development of Puno. The Sendero Luminoso has been establishing itself in certain zones in this department.

Can a development process clip the wings of subversion? QUEHACER, using the widest range of transport facilities, traveled throughout a good part of the province of Azangaro, perhaps the zone in the department most vulnerable to such "Ayachuchanization." And it encountered a number of surprises there, as described below.

Perhaps it is worthwhile beginning with the scene as we left the city of Juliaca, 5 hours before reaching our first destination in the province of Azangaro.

We were at the police checkpoint in Maravillas at 6 pm. The truck in which I was traveling had to wait in line. There was the customary inspection of goods and passengers by the police. This time, however, there was also an army truck pulled up at the side of the road.

The police checked documents and invoices and took their "quota" of garments. If there were none such, only a more or less sizeable bank note would get one through the checkpoint.

The army truck was there to pick up the young men whom an officer was selecting more or less by eye, after rapidly calculating their likely ages. When it came to us, the assistant to the driver of my truck only escaped being suddenly recruited by showing his deformed fingers, which doubtless disqualified him from military service.

"Tip" and "levy" are terms often used by these truck drivers with regard to the state activities in this distant pocket of national neglect. They are common and usual terms, since none of those involved expects anything else, and none would dare protest. There can be no doubt that the tips and the constant turnover in the individuals assessed are now a part of their operational costs.

Having finished with this customs procedure and having survived several hours of cold during the truck journey, we arrived in Asillo, the capital of the district of the same name.

Asillo

Four thousand meters above sea level, Asillo is not as forgotten a town as some others with which we were to become acquainted. There is a generator which provides electric light until 10:30 at night; there is a Civil Guard (CG) station; there is a bus to Azangaro, the capital of the province. This Peruvian district has 20,000 inhabitants, of whom 4,000 live in this town, and the balance in the surrounding 30 peasant communities.

It has been 2 years now that this zone has been the scene of Sendero Luminoso activities, although in many cases it is impossible to establish whether petty thieves and cattle rustlers are using the name of Sendero, or whether it is working with these "nonsubversive" criminals, to use the terminology of the officials of the last government.

Whatever the case, no one doubts that the Sendero people are "patrolling the zone." A day before our arrival, an army patrol had also passed through a nearby peasant community. There were arrests. One of the individuals detained was a peasant who had been crippled for more than a year. His five children told us about this, weeping, when we visited their town.

But let us not get ahead of our story.

Before this journalist visited, some members of the peace and human rights commission headed by Nobel Prize winner Perez Esquivel passed through here. They were then told of a long series of arbitrary arrests, police abuses, wholesale gratuities extorted and the buying and selling of justice by Don Manual Quadros, the justice of the peace in this locality.

Perhaps the most serious clash between the people and the authorities, without interference of any kind by the Sendero, occurred in the picturesque community of Balsapata. Two guards arrived there in an obvious state of intoxication. They burst in upon a party holding a wake and demanded the usual "quota." The family of the deceased had also been drinking and a brawl developed. One of the guards was killed and the other, injured, had to flee in pain. In the end, the dead guard was described as "killed in the line of duty." The official in charge of the explanation then explained that this was a merciful way of ensuring that his widow would not lose her legal pension rights.

A Worried Lieutenant

Naturally, this incident caused a commotion at the GC headquarters in Asillo. But the chief of the station, the lieutenant with whom we later talked, knew about it only by hearsay. He was only assigned here a short time ago.

We had a long conversation with this officer. I believe that it is of interest to recount it, since he is the most obvious representative of the state in this locality and is one of the protagonists in this "hot zone" of the province. Who is this man?

First of all, he is a young man of 29. Should he perhaps have a higher rank? Who knows? Certain zones in the country still continue to be "punishment assignments" for many members of the police forces. He does not come from this region. He is a native of Arequipa who has served at better stations, both there, in his beloved native region, and in districts in Lima characterized by conflict--La Victoria, El Porvenir, El Agustino. He met his wife here. She and their little daughter were with him in Asillo, sleeping in a room in that same freezing, tumbledown police station. "I told her not to come, that it might be dangerous here. But she insisted and here she is."

Naturally, she will only remain a few days. Then she will return to Juliaca and will wait for her husband to be granted some leave or, perhaps, a change of assignment.

The arrests made by the army were of course the subject of our talk. The lieutenant did no more than direct them to the zone they were seeking. "This is the bad thing," he said. "The army goes and arrests people, takes them away and withdraws. But it is we who remain here, we who have to deal with the people, and the people take it out on us."

Honestly, the lieutenant fears a Senderist attack and he knows that should it happen, the people in his charge could do nothing. In his view, the Sendero is better equipped than his own police station. This man is absolutely persuaded that the subversives are receiving support from "a foreign power."

As proof, he cites the incidents involving car bombs in the Plaza de Armas in Lima during President Alfonsin's visit there.

Antisubversive training? We heard what he had to say. "None of us has received special training. In the GC, those who want to add to their education take the Sinchi course. But this does not mean that all those who have taken this course are sent to difficult zones. It depends on the area. There are Sinchis who only do office work and we have others who carry out the tasks which would normally be theirs. As you know, my friend, you find the same thing everywhere." Normally this police officer does not leave his station in Asillo to go into the neighboring communities. The lieutenant has an explanation--he does not speak Quechua.

The Little Fathers

Nor do they speak Quechua, but they are well-known in the communities. We are speaking of the two priests in the Asillo parish. The one who has been in the zone longest, Luis Jesus Lopez, is a Spaniard from Burgos. The other, from Navarre, is the veteran Alberto Ariz. They live in a little two-story house a few steps from the police station, in the shadow of the imposing local church. Frequent visits are paid to them by teachers, representatives of various communities, and the leaders of the local peasant federation.

Masses, prayers and baptisms? That is not all. Both are teachers at the community secondary school, they give advice to the peasants, and their participation is a key aspect of the support of a network of "communal shops" which put inexpensive products in the hands of the local people.

At the time of our visit, Ariz was protesting loudly. Spanish institutions had sent the parish an urgently needed lot of medicines, and more than a thousand dollars had been paid for the air freight. Well then, the customs office in Lima had been holding up the charitable shipment for more than a month. A hundred thousand soles would have to be paid for each day's delay. And meanwhile, the local medical office languished, incapable of action.

Naturally, these individuals, who might be described by someone from Lima as "progressive priests," have also become a kind of wailing wall for many settlers. Abuses by the authorities of all kinds are reported to the parish, and effective action, or at least some moral support, is expected of it.

For these priests, the greatest achievement is having won the confidence of the peasantry, having contributed to the creation of a "dynamic rather than alienating religious faith," in the words of Ariz, who is a priest trained following a "late calling," after a number of years of studies at the university in the field of chemistry.

They are, without a doubt, one of the poles, one of the protagonists in the life of this Azangaro district.

And they have also been the target of charges of terrorism. This is an interesting case because it provides a picture of the actions of certain local authorities.

The widow of a shepherd was unjustly forced off the land where she lived. The fathers protested on her behalf, even using the pulpit of the local church, among other means. Dona Irma Teran de Valdivia, the owner of the ranch, appealed to the authorities in Puno, of which her former husband was one. The eviction was ordered by Don Manuel Quadros, the justice of the peace in Asillo, who scored points for himself by accusing the priests of being terrorists, using dynamite, etc.

The Asillo priests say that when a local policeman knocked respectfully on the door of the parish house, they did not know whether to laugh or cry. They had to go all the way to Lima to appear before the DIRCOTE, and to prove, finally, that things were not as they had been reported.

In the words of Father Luis Jesus: "When we stood firm in our support in situations when the peasantry and local power groups or businesses clashed, this was followed by slander, accusations, court proceedings, the stoning of the parish house and an effort by a small group of notables to banish us from the town. But the support of the majority of the poor peasantry and other sectors of the people was never lacking. They demonstrated and appealed publicly, even in the presence of the bishop, for us to remain in the parish, expressing their desire that we continue to be with them in their joys and sorrows, their problems and their celebrations."

Local Power Groups

If a middle-class citizen from Lima were to observe these local "power groups," he would probably smile at a comparison with the big bankers in the city. But here the context is different. Certainly, agrarian reform deprived many of these provincial groups of their economic base. But they have seized the opportunity to "recover" in recent years.

It is interesting to note that in the zone we visited, many of the SAIS [Social Interest Agricultural Associations] are imitating the practices of the old landowners, and are also becoming members of these power groups. Throughout our tour we heard complaints from extremely poor peasant communities about the SAIS and their vast uncultivated lands.

In other cases, the local merchants weave this fabric of local power. In this connection, the "communal shops" which the local church sponsors and which are managed by the peasant organization in the province are becoming competitive to an almost unsurpassable degree.

In Asillo alone, 19 of these communal shops are operating. They were established during a consciousness-raising campaign in the peasant communities, and their products are sold with a profit margin of 10 percent above the purchase price. The local merchants have cause for concern. The communal shops have become a kind of price regulator for basic products. The shops in Asillo sell goods worth between 20 and 25 million soles every month--more than any local merchant.

If all goes well, the peasant federation will also undertake the marketing of alpaca fiber. The speculators and middlemen in the large firms in Puno and Arequipa can feel the wind turning against them.

And there is also Sendero. There is every indication that the nighttime attack on one of these communal shops 30 days ago was the work of a hooded commando unit desirous that these enterprises "mitigating" peasant poverty should not prosper further.

In this complex of local powers, "justice" must be included. Locally, "justice" is represented by Manuel Quadros, the judge who accused the Asillo priests of being "terrorists." Half of his home-office, in a corner of the Plaza de Armas, is a primitive sawmill, while the other half is filled with a swarm of frightened peasants. Manuel Quadros emerged from the shadows in which one could glimpse the gleaming white of a portable typewriter and some seals. "No photographs. I accused the little fathers? I don't think so. I took money for releasing prisoners? I don't think so. I do not believe that could be. How that could be I do not see." And the judge, who became a populist on 28 July 1980, now thinks that he will have to support the new government patriotically as of 28 July 1985. I could not prevent the image of the Puza brothers--the very men who laid the groundwork for the death of Jesus Oropez by accusing him of terrorist activities--from springing to my mind, the only difference being the location. Minutes later, Mrs Maria Barriales de Enriquez, who manages the people's dining room, confirmed to me that she had been the victim of one of the customary extortion practices by this fearsome judge.

The Peasants

This cast of actors would not be complete if we failed to mention the social organization in this locality. It is called the Asillo District Peasants Federation. Martin Jimenez, its secretary general, 28, told us that the problems pertaining to the land, prices and farm credit make up the basic platform of his organization. Twenty-two of the peasant communities are affiliated with the federation, and he admits that his people have a rebel tradition, as participants in the exploit of Tupac Amaru.

Like others of his colleagues elsewhere in the country, he seems to be trapped between two fires--police abuse and the Sendero. "Our federation," he said, "has become the great obstacle to the Sendero Luminoso. It uses antipeasant methods and our hegemony in the community causes it concern."

And the solution? "The federation has agreed to establish peasant patrols at all our bases. There are nighttime patrols and we will identify the Senderists and cattle rustlers. We cannot rely on the protection of the police."

Thus far we have spoken of this scene and these individuals. But the picture would not be complete without a message from the environs, from the peasant communities which surround this town in Peru.

In the communities of Naupapampa and Calapampa, for example, there is a whole technology clash. Ministry of Agriculture technicians learned to build earthen terraces in Colombia, and brought the technique here. The result is that while the peasants are engaged in rehabilitating very ancient Inca terraces, the "Colombian" terraces, which would perhaps be good in another ecological context, remain useless here. While the "engineers" lay out canals, they do bring water, but also the liver fluke which wipes out the limited cattle herd, and the literacy teachers must be content with wages of 100,000 soles per month. How much land do those holding property in common here have? On an average, a quarter of a hectare. And it takes a hectare at a minimum for one animal to develop more or less normally.

Be that as it may, all are patriots. Modest peasant huts are being painted now in honor of another national anniversary. The paint is white, red and brown clay, and the brushes are clumps of ichu grass, but only that not good enough to feed the cattle.

In Capacondori, there is a grieving group of the children of Saturnino Puma, the crippled settler arrested on suspicion of terrorism. "Sendero harms the rural people," according to a mob of peasants. "The pagans are innocent people." Saturnino Puma was taken from his house, crutches and all. His children mourn in Quechua, and no one believes that he was involved in any Senderist activities. But the lieutenant at police headquarters believes, as he was to tell us shortly thereafter, that he might well have been "an ideologue of subversion."

Azangaro

No one can take this belief on the part of the lieutenant seriously, but for some days now a poster with a portrait in color of President Gonzalo has been affixed to the monument of Pedro Vilca Apaza, the local hero, in the main square in Azangaro. The poster commemorates 5 years of "people's war." It has been there for some days and no one has dared to take it down. Not even the police who, sometimes accompanied by army units, patrol the town throughout the day.

We arrived in Azangaro, the capital of the province. The same civil guards who a few minutes ago had marched through the main square without even glancing at the Gonzalo poster were now taking their breakfast in a small local restaurant. On the walls surrounding the table at which they were devouring fried eggs there were decorations which must have been familiar to them. They were the banners of the graduating classes at the local secondary schools and teachers' college. The multicolored banners carried the names of the graduating classes and the portrait of a distinguished person, for example, Marx, Engels or Lenin. There were slogans such as "Homage to the Martyrs of Socialism and National Liberation."

Certainly for these policemen, there was a sort of familiar link between the poster in the Plaza de Armas and these banners. In fact, in their view, the local "environment" is openly subversive.

However, the owner of the establishment also has other posters on these same walls. One of them bears the smiling face of Alan Garcia, who said during the electoral campaign: "My commitment is to all Peruvians, and to govern is to provide food to eat." For this restaurant owner, there is no contradiction between the two kinds of decorations.

A New Face for Sendero

In reality, the social atmosphere in the zone, particularly among the students and youth, is, from the point of view of one from Lima, clearly "radicalized."

If one asks about the Sendero Luminoso, one notes first a certain indifference and, when one goes a little deeper, an obvious neutrality. What is known about the Sendero here lacks the cruel aspects of Ayacucho, for example. For many young people graduating from high school, without any future in sight, the Sendero offers more than a little hint of adventure. It is not that the people are prepared to take up arms, but they are not ready to endorse repression either.

Obviously there are some who are prepared to take up the cause of Sendero, although not full-time.

And this is affected not only by the situation of poverty in the zone, but by something we might call the "new style" of the Sendero in the region.

Various talks we had in Azangaro--naturally, we will not identify our sources --make it possible for us to describe the following picture.

Currently, the Sendero is devoted to establishing its famous "support basis" in the peasant communities in the zone. This is not incompatible with carrying out attacks such as those described under the subheading "Senderist Attacks" below. "Executions" are carried out for security reasons, and they involve "informers."

The effort to establish the "support bases" is carried out by cadres who come from Ayacucho and Cuzco. They establish themselves in the communities and undertake a patient campaign of proselytization. Matters are facilitated because this is a zone where Quechua is spoken. The Aymara zone is impenetrable. There is there another language and another socioeconomic reality. Apostles of this are making an attempt to win over the "natural leaders" in the communities. And this effort is a part of the "self-criticism" in which the local Senderists are engaging. We do not know if this "self-criticism" is generalized or pertains solely to one Sendero Luminoso sector.

Our interlocutors told us that they were trying to rise above the "errors" committed in Ayachuco, including the isolation of the masses, the useless destruction of public works and labor tools, mistaken "executions" with their respective consequences of reprisals against the "innocent" people. Finally, they want a more realistic or moderate Sendero than has been known to date.

Is this only a local factor? We do not know. It is indeed possible, for example, that this moderation has contributed, unintentionally, of course, to the higher level of peasant organization in the locality. In Azangaro, the CNA [National Agrarian Confederation] and the CCP [Peasants Confederation of Peru] make up the Pedro Vilca Apaza Peasant Unity Group. We can imagine that this type of organization and the very active undertakings of the bodies linked with the Catholic church--there are now about 100 communal shops in the department of Puno--will inevitably interfere with the aggressive profile of the Senderist movement.

A less "demented" Sendero for a less "Ayacuchan" zone. However "this" Sendero is also recalcitrant when it comes to dialogue or pacification. It will have nothing to do with the new government--no dialogue, no peace. Instead, blind faith in victory, something we might call sufficient "combat morale," and a belief that "we are better armed than the GC," for which no justification could be provided us.

However, this belief is shared by the new GC officer with whom we talked in a nearby settlement.

This time we will give no description which could identify him, or even the name of the town where our talk took place.

The reason for this is very simple. This man and his colleagues were something more than "happy" on this occasion. Testimony from various individuals warned us that this was a "happiness" which is more or less usual and normal. The drinks inspired confidence, and the man told of his fears about the imminent attack for which his unit would be totally unprepared. Then came complicated tales of drug traffic, smuggling in complicity with higher officers, etc. A frankly painful picture in terms of "combat morale," and a "proper" psychological situation for fostering abuses and outrages against a population which is not understood, and the lack of any real possibility of capturing the "real Senderists."

That night, a pair of Senderists without as many weapons as our officer had feared could have taken the GC post with total ease.

Sendero Action in Salinas

Now we were approaching Salinas, the scene of a recent Senderist attack. In the early morning hours on 13 April 1985, the local populist mayor was murdered. There neither was nor is there now a GC post in Salinas. Five hooded men with lanterns, revolvers and a machine gun entered the mayor's house and immediately struck him down. Then the group withdrew to the highway and ambushed a group of APRA [American Revolutionary Popular Alliance] propagandists who were painting electoral slogans on a wall. The members of the group were urged at gunpoint to paint slogans in praise of the Sendero. Nothing more. And of the Sendero, no trace remained.

The widow accused Zenobio Huarsaya Sonoco, a stubborn political enemy of the dead mayor and secretary general of the district committee of the United Left. Paradoxically or not, the fact is that at the time of the assassination, Huarsaya was carrying out the duties of the governor of the district, since that official had resigned.

Huarsaya was captured by the army, subjected to endless harassment, taken to Huancane and later to Azangaro, and finally had to be set absolutely free. But no one, naturally, could undo the blows and torture he had suffered.

"The Sendero does not show its face," Zenobio says. "It is we class leaders who are going to be singled out."

From the point of view of the forces of law and order, Zenobio was just one more case. For the people, Zenobio represents one more instance of abuse and heavy-handedness on the part of "the authorities."

But just as Zenobio is a protagonist, so too is the small town of Salinas. Its name is no accident. It was given it by the saltwater lagoon which is one of the main resources of the zone.

The salt is extracted by procedures as ancient as the bells of the local church, dating back to 1732. The salt pits are divided into plots and the salt enterprise pays 2,500 soles for each 50 kilograms of salt taken out. Those who hold these plots--veritable temporary workers during the months of June, July and August--depend upon the salt for a livelihood. The majority are very modest peasants who must pay 60,000 soles per hour to rent a tractor. Must is not the term--rather, they would have to pay. An hour's use of a tractor is now becoming a more or less exotic luxury in the province of Azangaro.

Here in Salinas, as in few places in the country, we saw a real crowd of schoolchildren, suitably dressed in their only uniforms...but without shoes. Here as in few parts of the country, we saw the premises of the medical station absolutely bereft of any medicine or the simplest tool.

Distant Lima

We ended this tour in the little village of San Jose, an hour and a half by motorcycle from Azangaro.

In order to reach San Jose, one must cross the generous lands of the Sallcota and San Jose SAIS. Around the village of San Jose, numerous peasant communities languish, totally deprived of the lands which would seem to be excessive for these heirs of agrarian reform.

Two years ago, San Jose was taken over by a Senderist detachment. The municipality was burned and the entire population was subjected to the advances of the "popular war."

Two years later, some very modest adobe foundations suggest the possible rebuilding of the municipality. The local mine is closed and although roads have been laid out, these plans remain on paper. This community is so forgotten that candidates did not even come here during the last electoral campaign.

Today, however, things are not so bad. A Ministry of Agriculture official got together a group of peasants. They have done work on an irrigation canal, and they will be paid 10,000 soles per day of work. They have worked 20 consecutive days. For many of those awaiting the blue bank notes, this is the first paid work done this year.

It was also not such a bad day either because I was the first journalist to visit here in the memory of the old people, and there are a number in this village.

When I showed my identification, a crowd gathered. "Do you come from Lima, sir?"

"Yes, I do."

"Ah. Then would you please take a message to Dr Alan Garcia?"

"You will forgive me, but I never see Dr Alan Garcia."

"But you come from Lima, and Dr Alan Garcia is there."

Finally, I recorded their halting message. I could not make them understand that Lima is not like their little corner of the nation, and that the president of the republic is not my neighbor in the way that they are all neighbors. After all, it is indeed true. I am a "journalist gentleman from Lima."

This was their message:

"On behalf of all of the unemployed people in the district of San Jose, we ask that the government provide us with support in the exploitation of the mines which are abandoned here, to support our children, since the cost of living is pressing us too hard. Our village is in a corner of the department of Puno. We have been forgotten by the authorities. We need electric light. We need a road through the forest. We need more land. The population is growing but the land does not."

Mr President, you have been advised.

Senderist Attacks

The Sendero made its presence rudely felt in Puno beginning in August of 1981, with an attack on the Rural Education Institute in Juli. The following is a list of the attacks subsequent to that date.

On 15 August 1982, an attack on the GC post and the medical station in Umachiri.

On 22 August 1982, an attack on the Sollocota SAIS in the province of Azangaro.

In September of 1982, the GC post and the Azangaro subprefecture premises were dynamited.

In December of 1982, attacks in Putina, Ayrampuni and Munani.

In 1983, attacks in San Jose (burning of the town hall) and Salinas.

In July of 1984, attack in Tirapata.

In October of 1984, attacks on the GC post in Chupa, the Kenemary SAIS in San Anton, and in Murillo.

On 21 February 1985, an attack in San Anton.

On 16 March 1985, attack in Ayrampuni.

On 17 March 1985, attack and "rally" in Chupa.

On 13 April 1985, "execution" of the mayor of Salinas.

On 14 April 1985, dynamite explosions in Arapa.

5157
CSO: 5600/2063

INDUSTRIES REACT TO APRA PRICE CONTROL POLICY

Lima PERU ECONOMICO in Spanish Nov 85 pp 13-14

[Text] Price controls, one of the central components of the APRA [American Popular Revolutionary Alliance] emergency program, have aroused a great deal of controversy about their success or failure. While statistically the decline in the inflation rate is evident, it is also true that, faced with an arbitrarily set price structure, businesses are being forced to alter their production plans, thus endangering long-term decisions, because of a distorted market situation of uncertain duration.

The experience of other countries suggests that, when it is impossible to transfer any cost increases to the final price, increased productivity and the introduction of new products in the market usually become the key to many businesses' policies for maintaining their profit margins. In the Peruvian case, strategies are not much different. The resultant distortion in the relative price structure often affects both standards of quality and appearance, meaning greater hidden costs for consumers.

The search for higher productivity is the supposed good side of the control mechanisms. "The first thing we did was to cut both stocks and their turnover time to a minimum," said the production manager of a food supply company. In fact, this has been one of the most common practices in all companies, and it is typical in periods of low inflation.

Sales policies have also been affected; "We have started to reduce accounts payable, to eliminate discounts and special offers, and to shorten payment terms for credit sales in order to improve our cash flow," explained the financial manager of a textile firm. Furthermore, some companies whose products were distributed by retailers which on 27 July sold at prices lower than the distributor's current price on that date, have been forced to seek new distribution outlets. This has happened, for example, with some brands of paints and a certain brand of sausage.

The appearance of "new" products with profit margins which in some cases are two or even three times those of their predecessors has already begun. This is explained by businessmen's uncertainty about how long the "freeze" will last, and how compensation mechanisms for losses in other, more rigid product lines will work. It is here that "creativity" has been used to the utmost; margarines in different containers; packages of cookies which now contain eight cookies instead of six, but which cost as much as ten should; a smaller amount of toothpaste per tube; shampoo with "miracle" ingredients so that a higher price can be charged; and new types of oil. These are just a few of the countless examples we now find.

Some companies, mainly those that were already experiencing hard times, for whom price controls only meant one more problem, have been forced to take steps--such as disinvestment, the cessation of investment in fixed assets, the halting of spending for repairs and equipment replacement, and a decrease in the rate of production--which could be detrimental to their long-term development.

Another phenomenon we are witnessing is the termination or slowdown in the pace of product lines that, because of the price controls program implemented, have now become "unprofitable." In recent weeks there has been a reduction in the supplies of liquid detergent, fresh milk, chicken and eggs. In the latter case, while a kilo of chicken and eggs did not go up, the price of chicken breasts did increase.

Moreover, businesses which had salary agreements signed in the past, as well as those that will soon have to sit down to negotiate, are in fact not able to meet their commitments or continue the salary policy in effect prior to the government change. "In any case, the labor variable should not be allowed to remain free when a price freeze is implemented," said one economic analyst. In businesses in which the incidence of labor on costs is fairly high, the problem is becoming critical. "After a painstaking attempt to cut costs in a search for higher productivity, we reached the conclusion that the only way to do so was essentially by reducing our workforce," said the head of production of a construction firm, one of the sectors facing the most severe problems. Price controls can only be a temporary measure, as they create distortions in the relative price structure. It is by no means a matter of coincidence that more than 50,000 requests have been filed with the MICTI [Ministry of Industry, Commerce, Tourism and Integration] by manufacturers and businessmen asking that they be allowed to raise their prices. In early November a cabinet committee was established, which was to be responsible for the monitoring and control of price and supply policies. This committee could help to find solutions, though, as always, the best way to avoid solving a problem is to appoint a committee.

7679
CSO: 3348/273

MINISTER CONSIDERS PROPOSED BUDGET REALISTIC, ADJUSTABLE

Lima EL COMERCIO in Spanish 22 Nov 85 p A-4

[Text] Prime Minister Luis Alva Castro, who is also minister of the economy, stated yesterday that the administration's draft budget for the next fiscal year, which totals 37.464 billion intis or 37.464 trillion soles, is realistic.

He announced that this budget will be readjusted every 3 months, if necessary, through a supplemental lump-sum credit. This measure, he noted, will do away with the proliferation of similar credits that have been given.

The quarterly supplementary credit will take into account the real possibilities of each fund in the public sector, and will be subject to constant review (even by electronic means) to guarantee the control of the deficit.

The readjusted budget proposal, which must be voted on by the Bicameral Budget Committee of Parliament and submitted to debate in Congress before 15 December, was delivered yesterday by Alva Castro along with the Foreign Debt and Budget Financing bills.

He stated that these documents reflect a desire "to eliminate the monetary illusion, because past budgets were based on macroeconomic assumptions that never came true, and on predictions that had nothing to do with reality."

He explained that a given percentage used to be designated for inflation, the exchange rate, and the growth of production, but these goals differed from all budget projections.

A lower figure than the previously announced budget of 52 trillion soles was obtained through the mechanism of quarterly readjustments, applied for the first time ever.

"We have an initial budget, and we do not commit ourselves (to any more). There is no economic science that shows that the assumptions we make about inflation, the exchange rate or the growth of national production will actually occur the way we say they will," he stressed.

He made these statements in connection with the ambiguity that used to exist, according to him, with the budget figures and the disinformation about the way the economy was developing.

"We ended up with dramatic results, such as the growth of inflation that was encouraged and fed by public expectations," he emphasized.

"The country must be told the absolute truth. It must know what the real possibilities are. There should be no illusions about inflation, which was verging on hyperinflation of 250 to 300 percent."

Inflation is on the decline now, having fallen from 36 percent in the last quarter of the previous government to just 18 percent during a similar period later, although it has not yet been totally defeated.

"But let us not make the mistake of advancing certain inflation figures, when no one can know what things will be like on 31 December 1986," he stressed.

8926
CSO: 3348/241

SURVEY OF OPINIONS ON REDUCTION OF MILITARY SPENDING

Lima PERU ECONOMICO in Spanish Nov 85 pp 14-16

[Text] One of the new government's proposals for international policy that could have a major effect in the economic area is the one concerning cuts in military spending. "We are not enemies of one another," remarked President Garcia in his message upon taking office. "Social urgency forces us to limit our spending on weapons," he declared 2 months later, before the United Nations. In both instances he called for a regional agreement for reducing the spending on weapons, and offered (as proof of the seriousness of his proposal) a cut in the purchase of Mirages airplanes from France. Foreign Minister Allan Wagner's recent visits to Quito and Arica show that the president is determined to gain concrete achievements in this area as soon as possible.

It has been estimated that, at the present time, Latin America is allocating approximately 2 percent of its GDP for spending associated with defense; for which purpose it annually imports $2 billion worth of weapons. Based upon these two indicators, Peru is one of the countries which, from a proportional standpoint, appropriates the most funds for military spending. During the past 15 years, Peru's military budget has absorbed between 4 and 5 percent of the GDP, as well as 20 percent of the foreign debt contracted. Although this may be explained by the country's peculiar geopolitical context, it also means that Peru is among the countries that could gain the most from an easing of tensions. A study by the American political scientists Henry Dietz and Karl Schmitt, published in INTER-AMERICAN ECONOMIC AFFAIRS in 1984, estimates, for example, that if Peru had appropriated during the 1970's the proportion earmarked by Mexico for military spending: 0.5 percent of the GDP, it would have been able to double the spending on education, and triple that on health. At present, for example, a 10 percent reduction in the defense budget bill for 1986 (which totals 12.6 billion soles) would make it possible to almost double the amount allocated for the agricultural sector.

The main precedent for a regional agreement on curbing military spending was the Declaration of Ayacucho, signed on 9 December 1974, in which Argentina, Bolivia, Chile, Colombia, Ecuador, Panama, Peru and Venezuela pledged to "create conditions that will allow for effective arms limitation and put an end to their purchase for offensive military purposes, so as to devote all possible funds to the economic and social development of each of the Latin

American countries." The Declaration was followed, during 1975 and 1976, by a series of meetings of Andean Pact experts which were thwarted by Chile's withdrawal from the Pact in 1976. Nevertheless, according to one of the Peruvian experts who took part in the meetings, "the progress achieved is a good foundation for resuming the talks." Prominent among the preliminary agreements reached is the creation of a regional agency to control and check defense spending, the signing of a collective security accord to maintain peace, the increase in cooperation among the military institutions, the banning of certain types of weapons (such as biological, chemical and nuclear) and the setting of maximum limits for other types of weapons. For the latter categories, the expert commissions approved individual lists of weapons in each case.

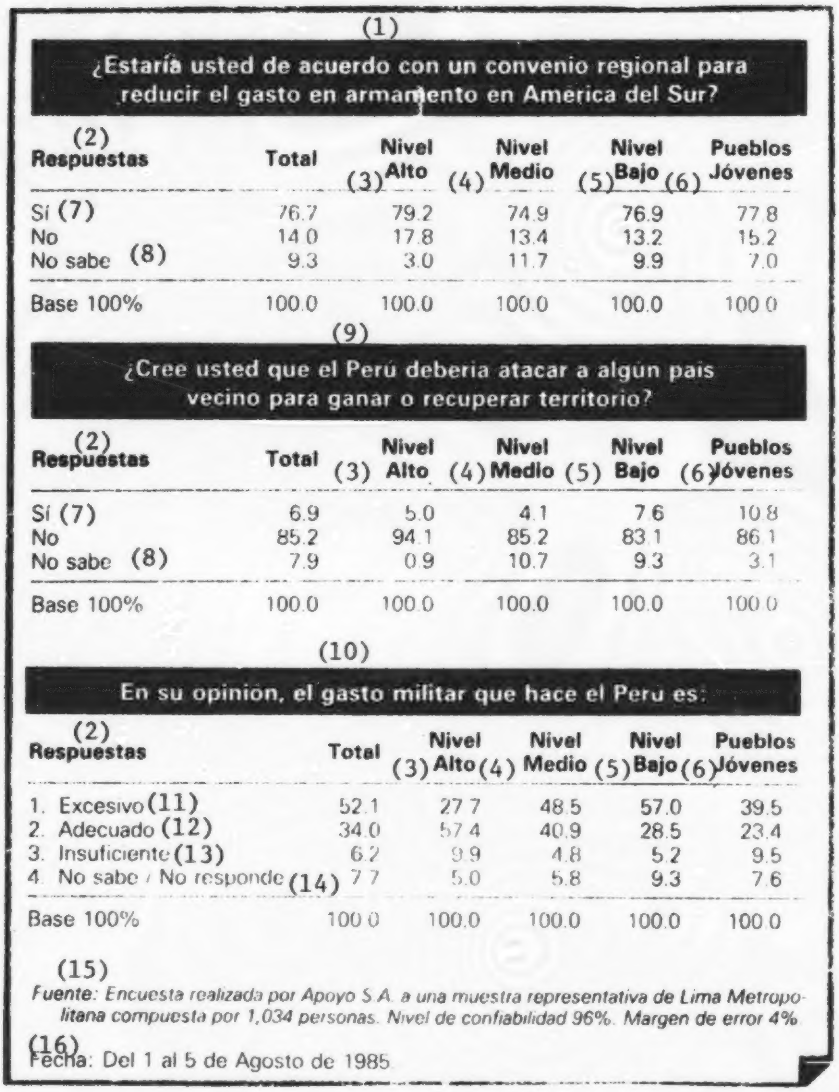
Although no agreement was signed in 1976 to limit military spending, Peru reduced its rate of purchasing new weapons, owing mainly to the fact that, during the period 1973-75, it had made a large group of purchases, to the point where Chile seriously feared the possibility of an attack by Peru.

Apart from the considerations of defense against a possible international conflict, there is a series of factors influencing the purchase of sophisticated weaponry. The most important one is surely the pressure brought to bear by the suppliers, who usually foster corruption in the armed institutions themselves. The mass production of weapons with increasingly advanced technology in the industrialized countries has prompted the latter to offer less sophisticated light weapons to the developing nations on very advantageous terms (both financial and from a training standpoint). Obviously, strategic considerations play a very important role in the competition among the supplier countries to sell their products in the Third World. The Soviet Union, France, the Federal Republic of Germany, Italy and the United States, in that order, are the leading suppliers of arms to the Latin American countries.

Among the nations of the region, the leading supplier is Brazil, and its main client is Chile; which is explained by Brazil's decision not to take part in the arms embargo set up against Chile after the coup d'etat in 1973. For Brazil, and to a lesser extent, Argentina, and Chile itself, arms exports are a major source of foreign exchange. Other countries, such as Peru, do not aspire to export on a mass scale, but they do want to replace imports, Since 1983, the Army has had a munitions factory in Huachipa, and plans to assemble armed vehicles in the former Moraveco facilities. SIMA [Maritime Industrial Service] has already assembled two Lupo-type frigates, with Italian advice, and the FAP [Peruvian Air Force] plans to assemble Aermacchi aircraft, also Italian.

Domestic policy factors also usually contribute to sizable weapons purchases. Much of Colombia's military effort, for example, has been aimed in recent years against the counter-insurgent battle. The same thing is starting to occur in Peru, although the prevailing orientation is still toward a possible conflict such as the one which took place in 1981 on the northern border. Moreover, the history of Latin America is replete with occasions on which unconscientious governments have relied upon imaginary threats from abroad (if not real attacks) as the easiest means of arousing the far-removed "national unity." Finally, there is the fact that every institution generates its own demand. The eagerness of the armed institutions to be on the frontier of technology has prompted them to constantly pressure for more funds with which to purchase the most sophisticated models of the entire gamut of weapons.

Underlying any proposal for disarmament there is a problem of confidence. Peru arms itself because it fears a possible attack from Chile and/or Ecuador; and the same thing holds true of those countries, with respect to Peru; if one considers the fact that Ecuador has no border problems with Colombia, and Chile has already solved its problems with Argentina. Therefore, without overlooking the effort for an agreement on the South American or Latin American level, which would take time to materialize, the Peruvian Foreign Ministry has decided to concentrate on achieving an easing of tensions with Ecuador and Chile. The Ecuadorean public received Allan Wagner's visit favorably, and the Ecuadorean president, Leon Febres Cordero (who considers it possible to achieve an economic boom in his country during the next few years) appears willing to review pragmatically the policy that his country has been pursuing with regard to Peru. Chile, for its part, has virtually completed a large portion of the projects in Arica, and those pledged in the Treaty of 1929 (it has built the dock and the customs agency, and the Tacna-Arica railroad station is the only one lacking). The turnover of these projects to Peru could contribute greatly to the easing of tensions between the two countries. Finally, the Peruvian public widely supports these proposals. According to a poll taken by APOYO, Inc, over half of the Lima population thinks that Peru's military spending is excessive; three out of every four persons polled would favor a regional agreement for reducing spending on arms; and only one out of every 18 thinks that Peru should attack a neighboring country to gain or recover territory.



(1)

¿Estaría usted de acuerdo con un convenio regional para reducir el gasto en armamento en America del Sur?

(2) Respuestas	Total	(3) Nivel Alto	(4) Nivel Medio	(5) Nivel Bajo	(6) Pueblos Jóvenes
Si (7)	76.7	79.2	74.9	76.9	77.8
No	14.0	17.8	13.4	13.2	15.2
No sabe (8)	9.3	3.0	11.7	9.9	7.0
Base 100%	100.0	100.0	100.0	100.0	100.0

(9)

¿Cree usted que el Perú deberia atacar a algún pais vecino para ganar o recuperar territorio?

(2) Respuestas	Total	(3) Nivel Alto	(4) Nivel Medio	(5) Nivel Bajo	(6) Pueblos Jóvenes
Sí (7)	6.9	5.0	4.1	7.6	10.8
No	85.2	94.1	85.2	83.1	86.1
No sabe (8)	7.9	0.9	10.7	9.3	3.1
Base 100%	100.0	100.0	100.0	100.0	100.0

(10)

En su opinion, el gasto militar que hace el Peru es:

(2) Respuestas	Total	(3) Nivel Alto	(4) Nivel Medio	(5) Nivel Bajo	(6) Pueblos Jóvenes
1. Excesivo (11)	52.1	27.7	48.5	57.0	39.5
2. Adecuado (12)	34.0	57.4	40.9	28.5	23.4
3. Insuficiente (13)	6.2	9.9	4.8	5.2	9.5
4. No sabe / No responde (14)	7.7	5.0	5.8	9.3	7.6
Base 100%	100.0	100.0	100.0	100.0	100.0

(15)

Fuente: Encuesta realizada por Apoyo S.A. a una muestra representativa de Lima Metropolitana compuesta por 1,034 personas. Nivel de confiabilidad 96%. Margen de error 4%

(16)
Fecha: Del 1 al 5 de Agosto de 1985

Key to Chart:

1. Would you approve of a regional agreement for reducing arms spending in South America?
2. Responses
3. Upper level
4. Medium level
5. Low level
6. New settlements
7. Yes
8. Don't know
9. Do you think that Peru should attack any neighboring country in order to gain or recover territory?
10. In your opinion, the military spending carried out by Peru is:
11. Excessive
12. Suitable
13. Insufficient
14. Don't know/no answer
15. Source: Poll taken by APOYO, Inc, among a representative sample in Metropolitan Lima consisting of 1,034 persons. Reliability level: 96 percent. Margin of error: 4 percent
16. Date: From 1 to 5 August 1985

2909
CSO: 3348/272

DEPUTY REPORTS ON TRIP TO ARGENTINA, PROSPECTS FOR TRADE

Lima EL NACIONAL in Spanish 13 Nov 85 pp 5-7

[Interview with Remigio Morales Bermudez, APRA [American Popular Revolutionary Alliance] deputy and deputy chairman of the Bicameral Budget Committee, by Jorge Torres; date and place not given]

[Text] [Question] How can you explain the accomplishments and success of this visit to Buenos Aires, Deputy Morales Bermudez?

[Answer] First of all, there is one very important political result, which is internal and external as well, with respect to integration with Latin American countries. Concerning the former, the delegation was multipartisan and the opposition, after observing the effort made in the different negotiations in Argentina, supported the government's work.

[Question] How can one interpret the Argentine attitude of support for and cooperation with Peru at a time when the United States wants to declare the Peruvian debt "of deteriorated value"?

[Answer] That is tangible evidence that the policy followed by the country on the foreign debt is coherent, because we are not against the international organizations, the integrationist programs of cooperation, but rather, we are specifically against the policy of the International Monetary Fund. Proof that we are not isolated can be seen in the decisive results of support which the government has had from the Andean Reserve Fund (FAR), the Federal Republic of Germany and now, Argentina. Another conclusion is that in our own nearby reality of the Latin American countries, there is a solution for our problems. In the protocol signed with the Argentine Government, in addition to the financial agreement for $100 million for the importation of food -- representing one-fourth of the total imports for food -- we managed to have the existing credit for capital goods and railroad equipment used for more social and productive purposes, such as the importation of capital goods for agriculture and food, as well as for agroindustry and the development of agroindustry in general.

I must mention that among the capital goods are dairy products, grain and other components, milk dehydrating plants. The exports we could make to Argentina include copper, iron, lead, zinc and silver, plus nontraditional products such as canned fish, gunny sacks, soldering irons, articles made out of jute, alpaca wool and cotton fiber. As far as minerals are concerned, Argentina could involve third parties for copper, zinc, lead and silver, while at the same time ensuring the sale of iron pellets for its own market.

[Question] What other features do the agreements achieved with Argentina during Prime Minister Alva Castro's visit have?

[Answer] Within the framework of the protocol, consideration was given to the development of a national food program which has had great success in Argentina and which could be financed through the exportation of products that Argentina requires and that are not essential to us. From that country, we would import food products widely consumed by our people. In addition, we managed to confirm Argentina's interest in importing Peruvian iron, which means that we would be opening up a new market for Peru. In other words, on the whole, it is not only a credit of $100 million that would provide Peru with a reliable food supply, but this also involves very strong political relations between our countries, which will be represented by a standing committee at the highest level between our two countries.

[Question] That Argentine credit will not put the country more in debt, however generous it might be?

[Answer] This means that Peru will have more working capital in order to handle the timely arrival of products for food for the people. The great advantage is that this working capital, granted by Argentina, can be at a very low rate of interest with the exportation of our own products, which is not true of a commercial bank credit. Actually, it is part of a program of commercial technical cooperation between the countries and the results are so important that a high-level standing committee was set up to coordinate, I repeat, the creation of committees at the highest level in the economic and social sectors of the two countries.

[Question] Deputy Morales Bermudez, how do you explain how a country such as Argentina, with a foreign debt of $50 billion, far greater than that of Peru, can lend us that aid or cooperation?

[Answer] That possibility of Argentina is backed by the fact that this program of cooperation will be of mutual interest to both nations. For example, you can see that the developed world has devalued the importation of wheat from Argentina by the mechanism of dumping and we import wheat. It is better for Argentina to export it to Peru, in that case, and for us to pay with products whose prices are subject to mechanisms on which we depend, thereby providing comparative advantages for both countries. One might also consider the case that Argentina's possibility of competing technologically with other more developed countries might end. In that case, their technology would be most suitable for Peru's situation because it is important for us to consider it within the program of cooperation.

[Question] Is it possible to carry out a similar program with other Latin American countries?

[Answer] This program of cooperation has to be developed with other Latin American countries also because the surpluses of technological food production from one country may be urgently needed in the very Latin American area. It is then a matter of a distribution of the income from resources and technology in a real program of integration.

[Question] Could you tell us what other fields of specific cooperation exist within that framework?

[Answer] In addition to the food program that can be developed with Peruvian and Argentine agrofood production and in addition to trade in medicines, there are other important sectors such as mining, investments in oil and nuclear energy, the fishing sector and the modernization of the Peruvian fishing fleet. The flow of payment through mechanisms based on products and surpluses generated by these technical cooperation programs is spread over a period of 3 years, with six equal transfers (equal installments) within 9, 12, 18, 24, 30 and 36 months after each operation is completed. It is very important to emphasize that this agreement, with respect to the credit flow, would replace any reduction in short-term lines of credit that would exist if part of the debt should be declared to be of "deteriorated value," which has not yet occurred officially.

[Question] Does this then mean that if Peru loses certain possibilities because of the decision of the United States, another very favorable door has been opened?

[Answer] This attitude on the part of Argentina could be taken as integrationist in terms of the solution we must face together with respect to the foreign debt. In addition, it shows that while Argentina's debt is different in amount from that of $13.5 billion of Peru, the structure of the problem, meaning ability to pay, is the same. That is why it has been said that if there is mathematical agreement on the total ratio of exports and debts in Latin America, in the specific case of Peru, then why should there not be political agreement also? We know that in Argentina, the Baker Plan, more than a proposal, is an inadequate response to the problem of the foreign debt, and given the similar indexes that exist in every country in Latin America, the final solution would be reorganization of the foreign debt.

[Question] This also shows that integration is a tangible reality, however much one might speak about inadequacies and many obstacles to the regional and subregional integrationist process?

[Answer] Indeed, integration is fully underway. It was at Peru's prompting that within the bans and preliminary licenses recently arranged mutually, Argentine products negotiated with Peru within the framework of the Latin American Integration Association (ALADI) would be exempt from bans and preliminary licenses.

[Question] What can you tell us about future new fields of cooperation?

[Answer] There will also be meetings between maritime officials in order to improve conditions of bulk ocean shipping. They will also consider integration, not only in the technological and commercial field, but the industrial area as well. Working committees will complete studies making it possible to initiate negotiations to establish industrial free zones between both countries.

[Question] Allow me to insist, Deputy Morales Bermudez: Has political integration thus been achieved with Argentina?

[Answer] I believe that what we have achieved between the two countries has very important political connotations, especially if, as we know, there is, in the case of Peru, the problem of the foreign debt. In addition, if we emphasize that under these circumstances, the Argentine Government has awarded the Order of the Liberator Jose de San Martin with the Grand Cross to Prime Minister Luis Alva Castro, who headed Peru's delegation, then you undeniably have political support. One should also mention the meeting of Prime Minister Alva Castro with Nobel Prize winner Franc Modigliand, who found great pragmatism and similarity between the Peruvian plan of economic stabilization and the Austral Plan of Argentina. He was most interested in visiting Peru, as a result of which the chairman of the Council of Ministers extended an invitation from our government. Preliminary plans have been made for the meeting of the Group of the 24 to be held in Argentina in February 1986 for the purpose of considering the foreign debt.

[Question] What significance do you give to these agreements between two democratic governments that are also very close ideologically, since they are two social democratic governments in Latin America?

[Answer] These are the results within the ideological framework represented by the governing party in its formulations that Victor Raul Haya de la Torre recommended with respect to the realization of a functional, integrationist democracy in Latin America.

11,464
CSO: 3348/219

MINING SECTOR PROPOSING RELIEF MEASURES

Lima PERU ECONOMICO in Spanish Nov 85 pp 5-6

[Text] The mining sector (provider of nearly 50 percent of the country's foreign exchange) has been experiencing a difficult situation stemming from the freeze of the exchange rate and the shortage of financial resources, as well as an increase in the price of its equipment and a downward trend in international mineral prices.

The business owners in the sector have already notified the authorities that the prices of equipment used by the mining industry have been rising at a rate greater than that of inflation; and hence the 12 percent devaluation in August has proven insufficient to offset the higher costs. Nevertheless, since the miners think that a corrective devaluation is rather unlikely under the current circumstances, they have started proposing alternative compensatory mechanisms. Also, over the immediate term, they have been requesting financial resources to solve their cash problems.

As for the compensatory mechanisms, one of them would consist of extending tax credit to the mining sector by way of the general sales tax, a benefit enjoyed by other sectors. Similarly, since there is a possibility of establishing tax stability contracts for the respective investment programs, they are requesting that the handling thereof be speeded up, so that they may result in an effective mechanism.

Another demand consists of the definitive shelving of expired, abandoned or cancelled mining rights. It so happens that, normally, the notice of termination of mining rights is given overestimating the development area, leaving large expanses abandoned thereafter. There are also areas the termination notice for which was given a long time ago, and which are no longer being developed. A revision in this respect would promote the termination notice and investment in new areas.

On the other hand, since the Mining Bank currently retains directly the income from exports to deduct customs duties, the miners are requesting mechanisms that would enable them to have, on time, the minimal amount of foreign exchange required to make payments abroad.

The authorities in the Ministry of Energy and Mines, for their part, have devised a set of mechanisms aimed at promoting the sector's reactivation, which are on a waiting list for discussion with the rest of the economic team.

The first one consists of a financial rearrangement that would begin with the reorganization of the Mining Bank. This would take place in cooperation with the ministry and the sector's business firms, to prevent duplication of effort on the one hand and, on the other, its continued use as a "loan fund." It would affect the collection of funds and the effort to promote and direct the small-sized miners in technical areas; and there would be an attempt to improve the evaluation of projects. Next, steps would be taken to refinance the Mining Bank's debt to the Bank of the Nation, amounting to $100 million, associated with the loans from the Mining Compensation Fund (FOCOMI). This fund was devised to provide funds to the companies faced with problems caused by price reductions on the international market. Nevertheless, when the price reductions became widespread, the criterion for allocating funds lost validity, and the funds were soon depleted. Through the aforementioned financing ($100 million) and a loan arranged with MINPECO [Peruvian State Mineral Marketing Company] and BCR [Central Reserve Bank], which would make it possible to ensure an additional $30 million, the Mining Bank could have $130 million available for its future loans. These funds would give the bank a major respite, in view of the fact that its total loans as of 15 September 1985 alone amounted to 15 percent of that sum. Insofar as the debt to the Bank of the Nation is concerned, the MEF [Ministry of Economy and Finance] has not yet decided whether the debt will be assumed by the state, for which consideration would be given to including it in the Financing Law, or whether a Mining Promotion Fund consisting of 3 percent of the value of mining exports, which has already been deducted as a tax, will be established.

On the other hand, the bank will undertake a new administrative system for its portfolio: "From now on, the customs duties will no longer be deducted directly from the companies' exports; but rather, they will first be allowed to meet their operating expenses, so as later to collect the interest and amortization on the principal," explained the vice minister of mines, Roger Arevalo. Never-the less, it must be realized that the prospects for mineral prices are not very encouraging; and hence the recovery of those loans will be no easy task. Furthermore, this will require strict control of the companies' operating costs, to prevent them from becoming artificially inflated.

Since, "anyone who asks something of heaven and asks for little is crazy," the Ministry has also been proposing a reduction or exemption for the taxes levied on the cost for those companies which are currently unable to meet their operating expenses. To be included in this reform would be the tax on salaries, that on exports, the 2 percent on imports and those levied on the consumption of water and electric power, among other things. Nevertheless, the justification for these exemptions is weak; and, owing to the national treasury's requirements, it would be very difficult for them to be accepted.

In any even, the sector's situation is not very encouraging. One of the measures that has evoked the most dissatisfaction is the compulsory subscription of

Treasury bonds up to 40 percent of the profits accrued during fiscal year 1984. The bonds are redeemed 3 months after they have been subscribed and earn interest (not exempted from the income tax) of 26.5 percent, which is compoundable on a quarterly basis. Some financial entities (such as the Bank of Credit) have already begun purchasing them for 96 percent of their face value.

Various reasons have been put forth by business owners to explain its unfeasibility. The financial manager of a medium-sized mining company claims: "It is a discriminatory, retroactive measure; there can be no taxation based on past profits which have already been properly drawn." However, the vice minister of mines does not think so: "The law takes as a reference only the profits of the previous year. What is involved is that the stockholders who had profits underwrite a debt to the state. They can request a loan and assume the financial cost for aiding the country during this period of crisis."

In any event, the conflict appears to lie primarily in the parameter used (the 1984 profits), which in some instances may not bear any relation to the companies' current situation.

In fact, metal prices have registered a decline between December 1984 and September of this year. Business firms which showed gains last year might be losing now.

2909
CSO: 3348/272

U.S. BANKS ACCUSED OF COMPLICITY IN CPV PURCHASE OF TWO SHIPS

Lima EL NACIONAL in Spanish 25 Nov 85 p 2

[Text] The involvement of U.S. banks and the improper participation of the former minister of economy and finance, Carlos Rodriguez Pastor Mendoza, in the irregular negotiations for the CPV's [Peruvian Shipping Corporation] purchase of the ships "Pachitea" and "Mantaro," were revealed yesterday by parliamentary sources.

This international plot was harmful to Peru's interests. According to the legislative sources, the U.S. banks were actively involved, forming phantom companies that were set up in Panama, in order to oversee the process of purchasing or leasing these ships.

It has been determined that the CPV's former general manager, Sandro Arbulu Doig, along with two American bank officials, whose names were not released, were actively involved in these activities, as the banks provided funds for the purchase of the two ships of Italian origin.

"There was a definite economic plot to get Peru to sign contracts detrimental to our interests. These contracts favored the U.S. bankers, as the ships were purchased with money coming from U.S. banks, which then sold them to the CPV at almost twice the original price," these sources told EL NACIONAL.

Tomorrow a special commission chaired by the APRA [American Popular Revolutionary Alliance] deputy, Alfredo Montenegro Oliva, will meet to decide on the request for constitutional charges against the former ministers of transportation and communications, Fernando Chaves Belaunde and Carlos Pestana Zevallos.

It was reported that Arbulu and Chaves Belaunde, along with some other officials in the former administration, were only puppets, as the U.S. banks were most heavily involved in this plot.

Arbulu, with other officials of the former administration, is now being tried in the Callao courts. He had the contacts necessary to set up such companies in Panama, which acted against Peru's interests.

Rodriguez Pastor Accused

Rodriguez Pastor's involvement moved to a second phase when he allowed the CPV's debts to be converted into part of the foreign debt, thus adding $60 million to Peru's overall indebtedness.

It is possible, these sources said, that the special commission which is investigating the CPV case may in its final report recommend that a constitutional indictment be filed against the former minister Rodriguez Pastor.

Commission to Meet Tomorrow

The special commission investigating the possibility of constitutional indictments against the former ministers Chaves Belaunde and Pestana Zevallos will meet tomorrow, Tuesday [26 November], at 1700 in the legislative complex. Chairing this commission will be the APRA representative, Alfredo Montenegro Oliva. Its members are: Enrique Chipoco Tovar and Jorge Sanchez Parfan, along with the leftist Jose Luis Alvarado Bravo, and the populist Victor Alfaro de la Pena.

The first person called by the special commission is to be the IU [United Left] deputy, Manuel Dammert Egoaguirre, who with the deputy Manuel Cortez Fernandez, is one of the ex-ministers' accusers. Later Chaves Belaunde and Pestana Zevallos will be called to defend themselves.

7679
CSO: 3348/273

MICROCOMPUTERS TO CUT TIME REQUIRED FOR OIL STUDIES

Lima EL COMERCIO in Spanish 25 Nov 85 p A-3

[Text] In the very near future, Petro-Peru [State Petroleum Agency] plans to acquire microcomputers in order to reduce by 70 percent the time required for projects and studies related to the exploration and locating of oil wells, if done by conventional methods.

This was announced yesterday by the supervisor of Petro-Peru's Data Bank Division, Oscar Miro Quesada Rivera, who is also Peru's representative to the South American Commission of Cogeodata , which on Tuesday [26 November] will open its third symposium. Its main topic is to be: "Computer Applications to the Search for Energy Resources."

He indicated that, unlike other occasions when computers have been used for administrative duties, this time they will definitely be used for technical functions. Six microcomputers are to be used by the exploration-production unit that will begin to operate next March.

He mentioned that these microcomputers will be connected with the Data Bank's central system. He said that similar computers will shortly be purchased for other divisions, especially geology.

With these microcomputers, he said, it will be possible to carry out specific projects quickly, processing information much more rapidly, and giving technicians more data for a better evaluation and analysis. "This will save both money and time," he added.

He noted that in recent years Petro-Peru has made great advances by using computers.

He also indicated that the importance of computers will be discussed starting tomorrow at Cogeodata's third South American symposium, which will last until Friday.

At this symposium, to be held in Petro-Peru's auditorium, 33 papers will be presented (12 of them foreign). In addition to the South American representatives, there will also be delegates attending from the United States, France, Italy, Germany, and Norway.

"The principal objective of the symposium is to discuss our experiences with computers in handling geological and geophysical data. This will promote the transfer of technology and the spread of information among the delegates from the member countries," he added.

7679
CSO: 3348/273

PERU

ITALIAN TECHNICAL AID TO BUILD 200-MILE FISHING FLEET

Lima EL COMERCIO in Spanish 15 Nov 85 p A-3

[Text] Peru is negotiating with the Italian Government on technical assistance for the construction of boats able to fish as far out as the 200-mile limit. Their catch would be for direct human consumption, Javier Tantalean Arbulu, chief of the National Planning Institute (INP), revealed yesterday.

The official noted that Peru does not yet require a deepsea or trawler fleet since it does not intend to fish in the seas of Namibia or other oceans of the world and "because we have the fish here, 10, 20 or 30 miles offshore."

Tantalean Arbulu said that Italy will provide technical assistance and the fishing boats in order to improve the quality of fishing done.

He observed that one of Peru's main problems with respect to the fishing fleet is the lack of a national flag fleet that can fish industrially for direct human consumption "because what we have developed and what we now have is for indirect human consumption," he added.

Tantalean recalled that the fishing contracts which the previous government concluded with the Soviet state enterprise Sovrybflot have expired and that in the future, the Ministry of Fishing will work out an emergency contract for the catching of a maximum of 60,000 tons within a period of 4 months.

200 Miles

The head of the INP said that there are two types of fleets: one to occupy the 200 miles and another for international waters.

"What we need is a fleet to fish within the 200 miles with a capacity of 400 to 500 tons, not huge boats because the fish are nearby," he said.

Tantalean added that a deepsea fleet is justified when a country wants to fish with special permits or contracts, as in the case of the Soviet fishing fleet, which fishes off the Peruvian 200-mile limit thanks to an agreement signed in 1972 with the military government and which is renewed periodically.

Concerning the contract now being negotiated by the Ministry of Fishing with the Soviet Government, he said that it is an emergency situation because the basic problem is that Peru has no fleet fishing for direct human consumption, meaning that it would catch the volume demanded by the population.

"What we have is a fleet of small boats that fish for anchovies and sardines from which fish flour and oil are made and taken, while we need a large industrial fleet to occupy the 200 miles," he said.

He also recalled that the fish supplied by Soviet boats is frozen, especially yellow jack and other species basically taken by cold storage facilities in the mountains.

OLDEPESCA Experts

For their part, experts in fishing for human consumption from the Latin American Fishing Development Organization (OLDEPESCA) said yesterday that one should not consider only the sea as a source of protein because the country's lakes and rivers and fish hatcheries could easily complement the supply of fish for human consumption.

They added that while 14 large fishing boats are put afloat again, something of a miracle, it is possible to follow trout breeding programs using cages, as is done in Lake Titicaca.

They noted that the first harvest of trout in cages yielded 40,000 kilos. A second harvest doubled the volume going to the people of the Peruvian and Bolivian Altiplano.

11,464
CSO: 3348/219

BRIEFS

TIN PRODUCTION RISING--Although tin production in Peru was not very significant in the past, in recent times its levels have risen, achieving a growth rate of 35.4 percent a year. This makes for a very promising future in this field, according to studies conducted by mining specialists. These specialists have undertaken explorations and tests and have found considerable deposits of tin in the departments of Puno, Ancash, Apurimac, Cajamarca, Lima and Pasco. Puno is where most of this mineral is found, especially in the provinces of Sandia, Huancane, Lampa, and above all Melgar. The San Rafael deposit, which is in full production, is located in the latter province. The results obtained from that deposit so far indicate that Peru could be an excellent producer of tin. The initial figures obtained in recent years suggest that it will occupy a major position among world tin suppliers. This mine is located in the snowy Quenamari area of the eastern mountain range in southern Peru, in the district of Antauta, province of Melgar. The production total of more than 2,000 metric tons a year is a significant demonstration of the potential tin mining has in Peru. The San Rafael unit was begun by the national mining enterprise MINSUR. Total production tripled between 1970 and 1977, from 100 tons to 300 tons of tin. By 1980, production had exceeded 1,000 tons, and the 1984 figure was 2,991 tons. According to the Geological, Mining and Metallurgical Institute (INGEMMET) in the latest issue of its magazine DE RE METALICA, annual production between 1974 and 1983 experienced a growth rate of 35.4 percent, with an extraordinary jump during the 1978-83 period. It also reports the implementation of a cassiterite flotation plant at the San Rafael unit, which has boosted the metallurgical recovery of tin from 50 percent to 76 percent. [Text] [Lima EL COMERCIO in Spanish 18 Nov 85 p A-9] 8926

13 GENERALS, 2 AMBASSADORS CONFIRMED--Last night the Senate confirmed the promotion of five major generals and eight colonels of the Peruvian Air Force to the next highest ranks. The promotions had been proposed by the Executive and reviewed by the National Defense Commission in terms of their legal and professional aspects. As of next 1 January, the following officers will become liutenant generals of the Peruvian Air Force: German Vucetich Zevallos (whose promotion was confirmed with 39 white ballots and one black one), Cesar Gonzalo Luzza (40-4), Alfonso Salas Morales (41-2), Juan Hoffman Gonzales (38-6), and Cesar Olivera Fernandez (39-3). The following colonels in the command and combat units of the Air Force were promoted to major general: Juan Burga Bartra (43-1), Jose Poggi Gomez (40-2), Luis Chavez Coronel (40-3), Anatolio

Alegre Pacheco (40-3), Miguel Chahud Rossi (40-3), and Armando Llosa Alvarez (41-2), as well as specialist Cols Edgar Zuniga Larenas (36-3) and Oscar Carrillo Tuesta (39-2). In addition, the Upper House confirmed Roberto Villaran K. and Jorge Guillermo Llosa Pautrat as ambassadors extraordinary and plenipotentiary to the People's Republic of China and Sweden, respectively. [Excerpt] [Lima EL COMERCIO in Spanish 20 Nov 85 p A-4] 8926

GARCIA, BARRANTES CONFER--President Alan Garcia, shortly after arriving from Rome, visited the president of United Left and mayor of Lima, Alfonso Barrantes Lingan, at his home Friday night. The two dined together there, and had a long and cordial talk. This was undoubtedly a very important political event, in that the meeting was a manifestation of the joint commitment to change of two democratic forces of the country's left, one of them (the American Revolutionary Popular Alliance) in government and the other (United Left) in the opposition. The meeting also demonstrated that President Alan Garcia considers Alfonso Barrantes, and none other, to be the only valid interlocutor in United Left (IU). This is logical, since Alfonso is the natural leader of United Left. Thanks to him, this political group has remained united, obtained 1 million votes from the electorate, and exerts a recognized political influence. All of this rises above the petty dogmatism of the leaders of the parties that make up IU, which Barrantes has been able to overcome with authority and class. He has refused, for example, to sign the document on the current government that was drafted by those leaders. Friday's meeting, moreover, confirms Alan Garcia's status as a democratic statesman who is striving for the unity of all Peruvians so that the changes the country needs and he is bringing about can be achieved, and so that the threats to Peru, from within and without, can be confronted. We must not forget that together APRA and IU have the support of more than 80 percent of the electorate. For that reason, as long as the two groups can maintain cordial relations and rise above their differences, the country will be able to progress; neither the right nor the imperialists will be able to prevail over the people. [Text] [Lima EQUIS X in Spanish 18 Nov 85 p 18] 8926

FEWER ARMY GENERALS PLANNED--The war minister, Gen Jorge Flores Torres, who attended the Senate Defense Commission session yesterday to back the forthcoming promotions in his institution, disclosed on that occasion that, in 1987, the Army will have only 70 generals, instead of the 103 that it has at present. He claimed that reasons related to "operativeness" had prompted the adoption of measures to gradually reduce the number of generals to 70, which is advisable for good performance among the military units. He noted that the gradual reduction in the number of generals would not jeopardize the national integrity in any way. He remarked that there are currently 103 generals, 15 of whom are division and the rest brigadier; commenting: "I cannot give you the exact number of generals that we shall have next year, because it is not yet known who will be invited to retire, in accordance with the law." He pointed out that the Army has but few lower-ranking officiers, for which reason the necessary measures have been adopted to increase their numbers without having to resort to hastened promotions. At the Defense Commission meeting, chaired by Senator Armando Villanueva del Campo, of PAP [Aprista Party of Peru], Gen Flores Torres reported on the proposal to promote four brigadier generals and 16 colonels. Brigadier Gens Artemio Palomino Toledo, Alejandro Antunez de Mayolo, German Reyes Gonzalez and Julio Velasquez Yacarini have been proposed for promotion to division general. [Text] [Lima EL COMERCIO in Spanish 26 Nov 85 p A-4] 2909

CGCP HOSTS INTERNATIONAL MEETING--An important meeting of Latin American rural workers is to be held in Lima from 28 November to 1 December, under the auspices of the CGCP [General Confederation of Peasants of Peru]. Delegations from a number of countries, including leaders of Agricultural Workers Unions of some socialist states, and representatives of the International Union of Agricultural Labor Unions, will attend this event. This conference, which will discuss major issues related to food supplies, the development of agriculture, and rural workers' rights, will also have the support of the CGTP [General Confederation of Workers of Peru] and of other union and popular organizations in Peru. [Text] [Lima UNIDAD in Spanish 21 Nov 85 p 3] 7679

GOVERNMENTAL APPOINTMENTS--The following people have been appointed to the special commission in charge of the transfer of human and material resources, under the office of the chairman of the Council of Ministers: Jose Ahumada Vasquez (chairman), Oscar del Rio Gonzales, Osman Wong Larenas, Oscar Beuzeville Ferro, Enrique Gomez Rivera, Pedro Galarza Mercado, Javino Villacorta Ruiz, and Ricardo Mendoza Torres. Jorge Serra Guerra has been named director general of budget and planning in the office of the chairman of the Council of Ministers. Alfredo Perez Alcazar has been designated advisor to the Ministry of Industry, and Pedro Mendez Lopez has been named departmental director of industry for Tacna. [Text] [Lima EL COMERCIO in Spanish 17 Nov 85 p A-4] 8926

PARTIES AGAINST ZIONISM RESOLUTION--The highest leaders of the non-communist parties of Peru have signed a pronouncement in favor of the state of Israel; the document has been placed in the hands of United Nations Secretary General Javier Perez de Cuellar. The names on the document include the secretary general of the American Revolutionary Popular Alliance, Armando Villanueva del Campo; Ricardo Amiel, national secretary for organization of the Popular Christian Party; Sandro Mariategui Chiappe, secretary general of Popular Action; Andres Townsend Escurra, founder and leader of the Grassroots Hayist Movement and secretary general of the Latin American Parliament; Luis Negreiros Criado, president of the Chamber of Deputies; Julio Cruzado, secretary general of the Confederation of Peruvian Workers; former Justice Minister Felipe Osterling, and others. The signatories of this pronouncement oppose a resolution adopted by the United Nations a decade ago, which identified Zionism as a form of racism. Democratic Peruvian politicians believe that this UN document is a way of seeking to impugn the legitimacy of the Jewish state, and they therefore call for its derogation. [Text] [Lima EL COMERCIO in Spanish 19 Nov 85 p A-4] 8926

ELECTRO-PERU ANNOUNCES 1986 PROJECTS--Abancay, 15 November--Next year 26 small hydroelectric plants will begin operations in different parts of the country. The Peruvian State Electric Power Enterprise (ELECTROPERU) also announced the implementation of 171 projects throughout national territory in 1986. Major support will be given to the investigation and utilization of the tremendous potential of non-conventional energy in regions that lack electricity, so that they can be provided with usable resources. Of the 26 hydroelectric plants, six belong to the pact signed with the Agency for International Development

(AID); two correspond to the Federal Republic of Germany, and one to the United Kingdom. Two are supplied with Brazilian equipment, 12 with Chinese equipment, and three with equipment from various countries. The plants are in Cutervo, Cajabamba, Pucara, Namora, San Marcos (department of Cajamarca), Pachiza (San Martin), Incuyo, Aramate, Huancasancos and Aucara-Cabana (Ayacucho), Pocohuanca, Chumbao, Chuquibambilla and Pomacocha (Apurimac). In addition, there are the plants in Frias (Piura) and Ocros (Ancash). The list also includes plants in Tantamayo (Huanuco), Santo Domingo de Nava, Hongos, Ravira-Pacaraos, Arcos and Yangas (Lima), Caraveli and Huanca (Arequipa), and Quincemil (Cuzco). It was announced that ELECTROPERU will also carry out 50 projects for hyroelectric power generation, 60 small electrical systems, seven studies on different subjects, and other small projects. [Text] [Lima EL COMERCIO in Spanish 16 Nov 85 p A-16] 8926

CSO: 3348/240

END

JPRS-LAM-86-007

17 January 1986

Latin America Report

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JPRS-LAM-86-007

17 January 1986

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INTER-AMERICAN AFFAIRS

BRIEFS

PERU SELLS ECUADOR HEXANE--Talara, 16 Oct. After 20 years, Petro-Peru's natural gas department has begun exporting hexane to Ecuador after covering Peru's needs. This was reported by Carlos Espinoza, the engineer who is manager for operations in the northwest. He pointed out that these sales are an important source of foreign exchange for Peru and said that the first transaction consists of the sale of 100 tons of this chemical product. Engineer Luis Villanes, head of the gas department, said the hexane is a product recovered from the liquids derived from the natural gas produced by the area's oilfields. Processing is carried out at the Verdun Alto distilling plant, 12 kilometers south of Talara. Hexane is used in the food industry as an extractor of oil and as a solvent for resins. In our national industry it is used in the production of fish oil and other raw materials. [Text] [Lima EL COMERCIO in Spanish 17 Oct 85 p A-16] 12856/9190

CSO: 3348/109

BAHAMAS

TEXT OF PINDLING'S BUDGET PRESENTATION TO PARLIAMENT

Nassau THE TRIBUNE in English 26, 27 Nov 85

[26 Nov 85 pp 4, 7, 11]

[Text]

PRIME Minister and Minister of Finance Lynden Pindling yesterday read the Budget Communication for 1986 to the House of Assembly. The House was then adjourned to December 4th when the Communication will be debated.

Following is the first 20-pages of the Budget Communication. The section will be published tomorrow.

Mr Speaker:

The year 1985 is rapidly coming to a close; many will feel that it was a very short year. As it comes to a close we are reminded that we are mid-way through the decade of the eighties and vividly recall that many of the economic, social and political conditions which highlighted the decade of the seventies are still with us. Drought and famine continue to devastate some parts of the Third World community; the peoples of the Sahelian region of Africa in general and, in particular, Ethiopia, are still relying on aid from donor-groups and countries to feed hungry millions. Typhoons, floods and hurricanes have laid waste the farmlands of eastern Asia and parts of the Indian sub-continent. Indeed, some of our Caribbean sister countries are still in the midst of reconstruction of the damage brought on by hurricanes of earlier years. The death toll from the recent earthquake in Mexico and last week's volcanic eruptions in Colombia are reminders that even nature plays a part in contributing to the increased misery of the citizens of the Third World.

Against the background of natural disasters, the economic realities of rising unemployment, decreasing productivity, widespread illiteracy and falling prices for export commodities must be painted on the landscape of most Third World countries. Politically, many of those countries must contend with the ravages of wars being fought on their doorsteps or the ominous threat of wars to come. Afghanistan, North and South Korea, North and South Vietnam, Kampuchea, Iran and Iraq, Ethiopia and Somalia, The Sudan, Angola, Southern Africa, Nicaragua and El Salvador. A great portion of our world of the nineteen eighties, it would appear, is either on the brink of economic and political collapse or, most certainly, on the threshold of a new era of intensified misery for millions of its inhabitants.

There are other parts of the world, however, where the landscape is not so gloomy nor the prospects for a better life for all so remote. I take no particular pleasure, Mr Speaker, in having to refer to the misery of the many in order to accentuate the fortunes of the few, but the reality is that the fortunate few quite often ignore or conveniently forget their blessings vis-a-vis the rest of the world and are therefore in need of occasional reminders.

The Bahamas, quite frankly, belongs to the grouping of the fortunate few. It is third World by international classification but it does not share the horrors of war, famine, natural disasters nor economic devastation like so many of its sister countries in the global community. It is also Third World insofar as it shares the economic aspirations of the Third World which are that the gap between the haves and the have-nots must be effectively reduced, that all of its inhabitants are entitled to the same opportunities for improving their lot and, finally, that the national productive effort of the nation must be directed to the benefit of all.

In preparing the 1986 Budget Mr Speaker, I was mindful of the fact that public expenditure must not only be conducted for the benefit of all of the people but I was ever mindful that it must also be conceived within the framework of economic efficiency on the domestic level and against the background of the fiscal realities of the international economy. In keeping with those principles Mr Speaker, it is my humble pleasure to lay on the Table of this Honourable House, the Draft Estimates of Revenue and Expenditure for the year 1986.

Mr Speaker, the increasing inter-dependence between and among nations which constitute the global economy compels me to take account of and reflect on some of the recent developments in the international economic community — developments which in some way are bound to impact on The Bahamas and the performance of the 1986 Budget.

International Economic Developments

The global recession of the early eighties came to an end in the latter part of 1984. However, the recovery in the early part of 1985 was at a much slower pace and has given rise to renewed skepticism regarding any projections with respect to internatioanal economic prospects. Nevertheless, most of the industrialised countries have recorded some level of positive growth throughout all of 1984 and into the first half of 1985. The rates of growth in industrialised countries were not uniform, however. The resurgence was led by the United States which recorded a growth rate in excess of 6% but Japan and the European economies registered growth rates more in the region of 3% to 4%. In the first half of 1985 the rate of growth in the US economy slowed considerably and is expected to remain at a moderate pace more in line with the European economies whose growth rates are also tentatively projected to be maintained in the vicinity of 3%.

One of the major implications of these moderate growth rates for the industrialised countries is likely to be reflected in small increases in employment but even those increases are not likely to be large enough to reduce unemployment levels. Indeed, employment still remains the major problem in the world economy and the anticipated slow-down in economic activity may lead to a further deterioration for the industrial countries insofar as unemployment is projected to rise only marginally to some 8¼% from 8% in 1984.

One encouraging development in the major industrial countries was the fact that the recovery was achieved without a resurgence of inflationary pressures. The rate of inflation in those countries is expected to remain relatively low and the forecast for 1985 envisages a marginal decline to a figure somewhat below 4% from the 4.1% registered in 1984. The recent measures taken by the industrial countries to reduce the strength of the over valued US dollar should have some additional positive impact on stabilising inflation rates in the developed countries. Interest rate developments in the industrial countries during 1985 have been mixed. While US rates were generally lower than other countries last year, the rate differential remained in favour of the US. The high and rising US federal budget deficit is likely to induce upward pressures on intrest rates and that possibility remains a cause of great concern to the international monetary community.

The current account deficit in the US, including official transfers, is expected to rise to $130 billion this year. This, together with projected surpluses in Japan and Germany to the tune of $44 billion and $12 billion respectively, serve only to increase anxieties in the international monetary community.

Economic performance in the developing countries has been less than satisfactory. The prospects in these countries for improvement have been adversely affected first by the slowdown in economic activity in the developed countries and secondly by significant declines in community prices. The export earnings of developing countries are expected to fall by 3% this year after registering a growth of 8% in 1984. This decline is likely to impact more harshly on the countries whose major exports are fuels and primary products. To the extent, therefore, that there is no reversal in the trend by year-end, developing countries could expect growth rates not to exceed 3½% and even that figure tends to hide the wide divergences between the rapid growth rates of countries in the Asian region and the slower or negative growth rates in other regions.

Developments In The USA

Nearer to home, Mr Speaker, the indications are that the US economy will grow only by 2¼% to 2½% in 1985, down sharply from the 6% to 8% surge of 1984. Inflation in the US has, however, been contained and it is expected that by year-end the consumer price index may rise by only about 3.5%, down from 3.4% in 1984.

On the employment front, the situation remains virtually unchanged. As of September this year, the rate of unemployment was static and the outlook for improvement for the rest of the year is not particularly encouraging. As I mentioned earlier, a disconcerting development in the US is the large and growing trade deficit which, in large measure, reflects itself in the unusual strength of the dollar which, also in large measure, drains investment from other areas. It is encouraging to note, however, that the American President has recently announced a multi-faceted plan to deal with his country's growing trade deficit the primary focus of which is to expand US exports rather than increase protectionist measures to cut imports.

In its conduct of monetary policy, the US Federal Reserve Board has continued to be guided by the need to control inflation and inflationary expectations. The Board maintained an accommodative monetary policy stance aimed at stimulating growth without reigniting inflation. This explains, in part, the downward pressure on interest rates. The prime rate fell in stages from 10½% at the end of 1984 to 9½% in June, this year. Correspondingly, the discount rate dropped from 8% to 7½%.

Developments In The Caribbean

Economic performances in the Caribbean have changed little since my address to this Honourable House last year. The Caribbean, as a region, has experienced little in terms of real growth ranging from moderate rates of growth in the cases of The Bahamas, Barbados and Dominica and very low or negative rates of growth in the cases of Guyana and Jamaica. The strengthening of the US dollar in 1984 moderated the effect of the sluggish performances in the region in that a strong dollar lead to increased visits to the region by American tourists but only those countries with a strong tourist base such as The Bahamas were able to participate fully in the benefits of such a strengthening.

Current account deficits, rising external debts, low export earnings and escalating unemployment continue to plague our region so much so, Mr Speaker, that most of the countries are unable to take full advantage of the opportunities offered under the Caribbean Basin Economic Recovery Act. Simply put, Mr Speaker, it is difficult, if not impossible, to expand productive capacity in the export sector if there are not sufficient capital inflows to replace old equipment, machinery and parts; and the new investment flows foreshadowed by CBI have just not yet taken place. As a result tourism still appears to be the principal engine for growth in the Caribbean.

Domestic Economic Developments

What is remarkable, Mr Speaker, is that against the backdrop of these international developments and indeed, in spite of some of them, the Bahamian economy continued to perform reasonably well. Our Central Bank's internal reserves rose sharply in the first half of the year reaching a record high of $245.9 million in May, an increase of $55.4 million over the peak level of the corresponding period last year. In the second half of the year, external reserves fell moderately, as expected, and at October 29, the country's foreign exchange reserves stood at a hefty $215.0 million, up $46.7 million from the year earlier level of $168.3 million.

The growth in money for the first nine months of the year resulted largely from a higher net inflow of foreign exchange. The Central Bank purchased a net of $45.8 million in foreign currency, up from $36.4 million for the corresponding period last year. Consequently, the narrow money supply increased by $53.5 million or 27%, compared with $41.3 million or 23% last year. The broader measure of money was also higher by $73.9.

For the first nine months of this year, total domestic credit expanded by $3.8 million as contrasted with a $6.1 million contraction in the corresponding period last year. The total Bahamian dollar credit registered a marked growth of $17.3 million, up from $9.9 million a year earlier. Private sector B$ credit rose by $23.6 million, up significantly from $5.5 million a year ago. This was partially offset by a $6.3 million reduction in the net credit to the Government for the same period last year. Net credit to the Government registered an increase of $4.4 million this year. Total foreign currency credit decreased by $13.5 million compared with $16.0 million last year. The private sector accounted for $6.9 million of this decline, and the Government $6.6 million.

Reflecting both the high level of liquidity in the banking system and the impact of the Central Bank's monetary policy, interest rates were generally lower during 1985, Mr Speaker. On May 9, the Central Bank lowered its bank rate by one percentage point to 8.5% from 9.5%. Simultaneously, commercial banks dropped their prime rate to 10% from 11%.

Price movements during the first eight months of 1985 also remained favourable. Consumer prices for the twelve month period ending in August rose by an average of 4.6%, up slightly from 3.6% for the same period last year. Viewed against that of our Caribbean neighbours, it is abundantly clear that our inflation experience is outstanding and compares extremely favourably with that of the US. The latest information available to us shows inflation rates of 6.93% (September 1984 to September 1985) for Trinidad and Tobago, 24.0% (September 1984 to September 1985) for Jamaica, and 5.3% (at April 1985) for Barbados. From September 1984 to September 1985 Canada experienced an inflation rate of 4.1%.

Gross Domestic Product

Mr Speaker, it is sometimes possible to obtain some useful and important economic information by attempting to develop statistical aggregates of gross domestic product. In this connection, I am informed that recent estimates of expenditure on the gross domestic product for The Bahamas show that since 1983, the GDP at current prices has continued to grow steadily. Between 1983 and 1984 the GDP is estimated to have increased in current prices by 8.7%, up from 1.82 billion Bahamian dollars to 1.98 billion Bahamian dollars.

It should be noted that healthy consumer spending has contributed most to this increased GDP in 1984. Expenditure on consumer goods and services by resident households jumped from a low $923.5 million in 1983 to $1.2 billion in 1984. Private investment, notably in construction, improved in 1984, up from an estimated $310.6 million in 1983 to $311.8 million in 1984. In terms of expenditure on exports, it is estimated that expenditure on the export of both goods and services grew from 1.24 billion dollars in 1983 to 1.27 billion dollars in 1984 or by 2.4%.

External Trade

Mr Speaker, provisional estimates on external trade show that during the year 1984 the total value of commodities imported into The Bahamas (excluding crude petroleum and residual fuel oils) totalled B$1 billion.

The machinery and transport equipment category continues to be the largest contributor to our imports, totalling some B$158 million or 15% of all imports. Fresh meats, fruits and vegetables, processed foods, alcoholic beverages, petroleum products, chemicals, building supplies, equipment and transportation were the major imports into The Bahamas. Processed food imports have continued to show a persistent, though gradual increase over the years. It is useful to note that imports of automobiles, which is regarded as a leading indicator of prosperity, increased from B$37 million in 1983 to some B$45 million in 1984.

The United States is still our major source of imports of non-crude and residual fuel oil, accounting for 79% of total imports. Our other major trading partners in 1984 included the United Kingdom, Canada, Germany and France.

Domestic exports during 1984 totalled B$1.7 billion. Exports of refined oil during this period amounted to B$1.5 billion, representing 87% of total domestic exports. Other major domestic exports consisted mainly of crawfish, rum, salt, aragonite and chemicals. About 72% of these exports went directly to the United States.

Construction Activity

The latest statistics on construction indicate an overall increase in construction activity for all The Bahamas during 1984. The number of permits issued during 1984 rose 18.8% to 3,579 from 3,013 in 1983. Their value increased 35.4% from B$160.1 million to B$216.7 million respectively. In New Providence, permits issued during 1984 increased by 18.0% to 2,625 from 2,164 in 1983 with a 54.5% increase in value from B$104.0 million to B$160.7 million. Starts rose by 13.2% from 1,260 to 1,426 in terms of quantities and 26.4% from B$81.0 million to B$102.4 million in terms of value. Completions rose by 15.9% in number but fell 66.1% in value during 1984.

During the first nine months of 1985 the number of permits issued for New Providence increased by 11.9% to 2,243 from 2,004 in 1984. The value increased by 7.1% to B$120.1 million for the same period in 1985. Starts increased by 14.7% in number from 1,090 to 1,250, and by 23.3% in value from B$71.1 million B$87.6 million. Completions for 1985 increased by 31.4% in number from 647 to 850 and by 32.3% in value from B$38.7 million to B$51.2 million during the corresponding period.

In Grand Bahama, permits issued during the year 1984 decreased by 11.1% in number to 505 from 568 and by 20.7% in value to B$32.6 million from B$41.1 million during 1983. There was no change in the number of starts but their value decreased by 12.8% to B$25.8 million from B$29.6 million in 1984. Completions increased by 78% in number from 123 to 219 and by 19.6% in value from B$14.3 million to B$17.1 million for the same period.

Permits issued for construction in the Family Islands during 1984 increased by 59.8% to 449 from 281 in number in 1983. Their value showed an increase of 57.0% to B$23.4 million from B$14.9 million for the same period.

Public Sector Performance, 1985 and plans for 1986

Mr Speaker, I turn now to the performances of the public and quasi-public agencies over the past fiscal year. While dealing with them in some detail I would, at the same time, attempt to outline, in general terms, some of the plans and programmes my Government proposes to undertake during fiscal year 1986.

Tourism

Mr Speaker, Honourable Members need not be reminded just how dependent our national fortunes are upon the success of our tourism industry. Few, if any, countries in this hemisphere depend as heavily upon a rapidly and continuously growing tourism industry as does The Bahamas. In The Bahamas almost three out of every five jobs results either directly or indirectly from tourism related expenditures. The number of persons directly employed in the tourist industry, that is in our hotels and casinos, is relatively small, and is estimated to be between 15,000 to 16,000. The bulk of employment, however, a further 25,000 to 26,000 persons, results indirectly from the spending of visitors on taxis, restaurants, shopping, entertainment, and the like.

The Bahamas' work force is expanding at an estimated 3% per year and every year between 3,000 and 3,500 Bahamians enter the work force. In 1979 the work force stood at 89,000. Recent estimates indicate that it now stands at 108,000, some 21% higher than just six years ago. This rapid rate of growth in the number of people looking for work is projected to continue well into the foreseeable future due to the relatively high proportion of young people in our population.

It has been clearly demonstrated that employment results from tourist expenditures. In 1979 it was estimated that it took the combined expenditures of 30 stopover visitors to create one full time job. Therefore to create 2,000 additional jobs each year demands that we receive 60,000 more visitors over and above the total of the year before, and with every visitor spending at a level identical to that of the previous year. But the tourism sector was not able to create jobs at this pace. In 1980 the United States slipped into the worst economic recession since the second world war. Canada and Europe soon followed. Unemployment in those countries reached high levels; interest rates topped 20%, leading to tremendous declines in consumer spending and travelling for pleasure.

Tourist expenditures per visit have also fallen steadily in real terms since 1980. Visitors are staying for shorter periods of time and spending less while they are here. Whereas in 1979 it took the combined expenditures of 30 stopovers to create one full time job, it is estimated that in 1985 it would take 35 stopover visitors to do so. This decline in per visit expenditures is projected to continue and unless strong and decisive action is taken it is likely that we will need 37 to 38 stopovers to achieve what it took just 30 stopovers to do no more than six years ago. That is a 25% increase in the number of stopover visitors to merely generate the level of expenditures achieved in 1979.

Higher levels of tourist expenditures will create the jobs required to meet the aspirations of our young people. If our existing 1.3 million stopover visitors had spent $700 per visit instead of the estimated $580 per visit they spent in 1984, an additional 7,500 jobs would have been created. It is therefore clear that the answer is clearly not just increased numbers but increased volumes of the right kind of visitors.

The Ministry of Tourism proposes to implement a two part strategy designed to stimulate higher levels of tourist expenditure. The first part of this strategy is to attract a higher quality visitor, a more upscale visitor, through innovative and aggressive marketing campaigns in existing and new market places. The second part is to improve our product to the extent that the higher quality visitors we seek to attract will feel comfortable with the product we offer, so much so that they will spend freely and will return again and again. But this consumer is one of the most sought after in the world; millions of dollars are spent by numerous advertisers to gain their custom. Only with a properly coordinated and adequately funded marketing plan can we even begin to hope to attract the higher quality visitor in the numbers we require.

Government Corporations

Mr Speaker, permit me to digress a little to make a few general comments on a subject which is of crucial importance to the economy of the country, that is: the role and contribution of Government Corporations. As Honourable Members are no doubt aware, the Government has over the years set up and strengthened major Corporations in vital sectors of the economy like power generation, telecommunications, water supply, civil aviation and the hotel industry. The Government's investment in those Corporations exceeds $220 million.

The House would appreciate the great contribution being made by the Public Corporations to the social and economic development of the country. However, at the same time, I have to admit that not all Corporations are doing equally well, and there remains a good deal of room for improvement in their performance. It will be the sincere endeavour of my Government to give all the support necessary to enable them to put their house in order. At the same time, keeping in view the massive investments made by the Government in these Corporations, it will be the expectation of my Government that it gets a return in aggregate of 10% on its investments in them. I fully realise the large variations in their respective profitabilities, Mr Speaker, but my Government expects that those Corporations which have a greater profit potential should contribute more to make up for others. An approximate of 10% return on aggregate investments is normal and in more than one way essential to enable the Government to plough back this surplus for the further growth and development of The Bahamas.

Bahamasair

In this regard, Mr Speaker, I should like to make special mention of Bahamasair.

Bahamasair, our National Airline, provides essential services on a comprehensive domestic route network which forms a vital communications link between our Family Islands. It is charged with the operation of international air services at least to maintain and where possible to increase our tourism traffic. It's very presence is a guarantee that our main tourist links will be maintained even if foreign carriers, for whatever reason, decided to withdraw services. It ensures that air fares are kept at reasonable levels from all the principal points from which we draw our visitors thereby keeping The Bahamas competitive with other tourist destinations. It is the sole resource to meet emergency air lift demands in the event of national disasters.

The results achieved by Bahamasair cannot, therefore, be viewed in purely financial terms but rather as a contribution to the overall economic and social development of The Bahamas. Nevertheless, the management of Bahamasair is charged with the efficient and effective operation of the airline to achieve a high standard of service to the travelling public in a cost effective manner.

As regards standards, I have been reassured that the airline is very conscious of the need to improve the quality of service to its customers though this was not always apparent. Accordingly, refurbishing of aircraft has already commenced whereby new seats are being installed to provide greater passenger comfort and interior decor is being changed to increase passenger appeal. Additionally, staff training programmes are being extended to upgrade the very deficient passenger handling services and to improve communications at airports and terminals; this should lead to improve on-time performance and operational efficiency.

As regards cost effectiveness it is clear that if Bahamasair is to stay alive cost effectiveness must be high on its agenda in 1986. In order to do this, Mr Speaker, it will be necessary for Bahamasair to make a major effort to restructure its overall operations and improve its financial performance and, in this regard, it will find many precedents in the recent history of American and British regional and international carriers. In the initial stages of restructuring, it will be necessary for Bahamasair to effect savings in its overall expenditure. This will necessitate a close examination of the salaries being paid (with special emphasis on overtime) and other items of major expense. All the Departments of the airline will have to be made aware of the urgent requirement to meet the planned budget and to operate within reasonable financial limits. Mr Speaker, this will ensure that Bahamasair will avoid the pitfalls of the airline industry which, in recent years, has seen the demise of many established air carriers.

Through the new disciplines, and with a leaner apparatus, Bahamasair will be better equipped to meet the challenge which undoubtedly lies ahead and with the co-operation of all employees who are prepared to work I am satisfied that the airline can, within two years, be made into a profitable operation.

The Ministry of Works and Utilities Bahamas Telecommunication Corporation and Water and Sewerage Corporation.

Mr Speaker, my Government will continue to promote progress and economic advancement through its Infrastructural Development Programme in New Providence and the Family Islands.

The majority of funds appropriated for road works this year have been allocated to the Family Islands. Contracts totalling 3½ million dollars have been issued for roadworks in Abaco, Moores Island, Bimini, Grand Bahama, Long Island, San Salvador, Harbour Island and Eleuthera. In addition to these, there are other ongoing works in Acklins, Crooked Island, Exuma and Andros.

In New Providence more than 40 miles of roads have been repaved since October, 1984 and in 1986 the programme will continue and include the paving of unsatisfactory roads in both major and minor sub-divisions. A revolving account has been established using part proceeds of the gasoline tax to place the hot mix plant on a commercial basis and to continue the road development Programme throughout 1986.

Mr Speaker, in the area of water production, I am pleased to report that there are projects for the improvement of water supply systems in the Family Islands including Eight Mile Rock, Moores Island, Love Hill, Bowen Sound, Deadman's Cay and North Eleuthera. Projects are programmed for Marsh Harbour, North Eleuthera, Savannah Sound, Waterford, Fresh Creek, Calabash Bay, Mangrove Cay, Ragged Island, Steventon, Black Point, Lowe Sound, Deadman's Cay, Spring Point, Colonel Hill, Congo Town, Cockburn Town, Mayaguana and Moores Island. We have witnessed a marked upsurge in requests for water system franchise agreements and this no doubt represents increased commitments by developers in the further developmentof The Bahamas.

In order to keep pace with the phenomenal rate of development on New Providence, the Water and Sewerage Corporation's plans for 1986 include reconstruction and expansion of wellfields at Carmichael Road, Windsor Field and North Andros and also improvement to the Malcolm Park Sewage Diposal System. Several projects which constitute this development programme have commenced in 1985 and include works at Village Road, Bowes Alley, Pyfroms Addition Phase 1, Milton Street, Apple Street, Hutchinson Street, Dumping Ground Corner, Kiki Street, Winder's Terrace, Finlayson Street and Petticoat Lane.

Mr Speaker, in the area of electricity, The Bahamas Electricity Corporation will, during 1986, continue the improvement of street lighting in New Providence and it has programmed for commencement or continuation in 1986 the provision of generation and/or distribution systems in Andros and Exuma.

The Bahamas Telecommunications Corporation commenced work on the Exuma Cays Microwave System in 1985 which will provide digital microwave stations and automatic telephone exchanges in Staniel Cay, Little Farmer's Cay, Black Point, Barratarre, Rolleville and Farmer's Hill to facilitate DDD telephone services. It is scheduled for completion in the first half of 1986. Batelco is also negotiating for the purchase of the Grand Bahama Telephone Company which now operates in the Freeport area. This acquisition would place all telecommunications in the country under the control of Batelco.

In 1986, Batelco plans to undertake the construction of an Intelsat Standard "A" Earth Station at the Soldier Road Radio Compound, the construction of a digital telephone exchange in the Golden Gates Area to serve subscribers in the southern area of New Providence and provide a celluar mobile radio telephone system to cover the Northern Bahamas to facilitate DDD telephone service to boats, vehicles and scattered islands and cays.

It is also expected, Mr Speaker, that Batelco will commence in 1986 construction of automatic telephone systems for Spanish Wells, Green Castle, Hatchet Bay, Savannah Sound, Blanket Sound, Stanyard Creek, Stafford Creek, Bowen Sound, Bullocks Harbour, Sandy Point, Cherokee Sound, Rolle Town, Williams Town, Simms, Dedman's Cay, Lower Bogue, Tarpum Bay, Green Turtle Cay, Man-O-War Cay and Moores Island.

Bahamas Development Bank

Mr Speaker, The Bahamas Development Bank has continued to play an active role in furthering the development of the agricultural, fishing, tourism, manufacturing, land and sea transportation and small business sectors of the economy in New Providence and the Family Islands. Since inception, the Bank has approved loans totalling over $16 million. The Bank has been instructed to accelerate the rate of funding for the Family Island Projects in order to assist in the further development of those areas. Focus would continue to be directed at the small fishermen, especially those in the Family Islands, and the Bank, in conjunction with the Ministry of Agriculture and Fisheries, will intensify its efforts to promote the small vessel fisheries programme. Under this programme, Bahamian fishermen are able to obtain loans of up to $10,000 for engines, vessels, gear and equipment. Interest is fixed at 7½% and the borrower is only required to make a ten percent contribution. Mr Speaker, our continued commitment to the development of the Family Islands in terms of both infrastructure facilities and capital funding should now be clear to even the most near-sighted among us.

It is appreciated that the Bank could do more for the Bahamian entrepreneur. New areas will be explored in 1986 as to how the Bank can play a more meaningful role in Bahamian business development.

Hotel Corporation Of The Bahamas

Mr Speaker, 11 years ago in 1974 my Government took steps to create the Hotel Corporation of The Bahamas, its statutory objectives being to make public ownership in the tourist and resort industry an important element in the economic development of The Bahamas. The people of The Bahamas thereby became direct beneficiaries of major components of the nation's principal industry and its proven engine of economic growth. My Government has committed to the Corporation $150 million for its development programme which enabled the building of the Cable Beach Hotel and Casino now recognised as one of the premier resort facilities in the entire region. The Corporation's development programme, also included the purchase of what is now the Wyndham Ambassador Beach Hotel and the Royal Bahamian Hotel which are about to undergo further refurbishments to the extent of $3 million and $1.5 million respectively. Both Hotels are under lease to Wyndham Hotels and the Cable Beach Hotel is managed by Wyndham.

In accordance with my Government's policy to encourage and promote private investment as a parallel companion in the development of the resort industry, the Hotel Corporation has agreed to lease to Carnival Leisure Industries Limited the site of the 162-room Emerald Beach Hotel which is to be demolished and replaced by an ultra modern 759-room hotel at an estimated cost of $85 million to $100 million.

Another facility which formed a part of the early development programme of the Corporation was the purchase and major renovation of the Lucayan Beach Hotel and the construction of the new 20,000 square feet Monte Carlo Casino together with the Lucayan Bay Hotel, the Lucayan Harbour Inn and Lucayan Marina. The Hotel Corporation has signed an Agreement with Genting Berhad, a Malaysian Corporation for the sale of a 50% interest in the entire Lucayan complex for $15 million which is scheduled for reopening in February of next year.

The Corporation is pursuing further resort development in New Providence having entered into Agreements with potential developers to provide developing proposals for Balmoral Island, a 7-acre site adjoining the Wyndham Ambassador Beach Hotel, and the 86-acre site opposite the Cable Beach Hotel.

Having concentrated its development programme for the first 11 years in New Providence and Grand Bahama, our two major resort areas and centres of population, the Corporation has taken new resort development initiatives in other Family Islands.

At Andros, Exuma and Eleuthera, The Corporation is planning new resort developments which ought to appeal to the higher income group tourist markets which is attracted by out of the way places of privacy and quiet relaxation. At George Town an engineering study is being prepared for the development of a small hotel and marina complex; at Andros Town the Corporation has entered into an agreement to purchase the properties formerly owned by the late Axel Wenner-Gren and proposes to renovate the Marina Yacht Club and Lighthouse Club Hotel; at Eleuthera the Corporation has also entered into an agreement to purchase 2,500 acres of undeveloped land at Half Sound near Rock Sound for which development plans will be prepared in 1986 together with the Winding Bay Beach Resort and 972 acres of land and thousands of feet of beach.

The substantial additional investment being made by Resorts International at Paradise Island where that company's subsidiary manages the Corporation's Paradise Island Casino is as a result of an agreement for the expansion of the Resorts Paradise Island Casino by 10,000 square feet, the addition of further shopping and entertainment facilities plus an additional 250 rooms.

Mr Speaker, I am pleased to be able to report that from revenue generated principally from casino gross wins the Corporation has been able to contribute $10 million in 1985 to the Consolidated Fund and expects to make a similar payment in 1986.

[27 Nov 85 pp 12B-13B, 14B-15B]

[Text]

ON MONDAY Prime Minister Pindling, who is also Finance Minister, presented the Budget Communication. The House was then adjourned to Wednesday, December 4th, when the Communication will be debated.

Following is the second and final part of the Budget Communication. The first 20 pages were published in last night's Tribune. The Communication is a 44-page document.

Industrial Sector

Mr Speaker, the industrial sector has a very good growth potential. However, considering the safe, politically stable, and tax haven status of The Bahamas, this potential has not yet been sufficiently exploited. My Government, therefore will do its utmost to accelerate this process.

The Ministry of Economic Affairs is re-examining our incentive legislation to provide for a single-shot concessionary formula to transfer projects from the drawing board to the field. The Ministry is also examining further how best to assist Bahamian producers in taking full advantage of the duty-free entry into the US markets of their products under title "A" of the Caribbean Basin Economic Recovery Act, commonly referred to as C.B.I. and the benefits available consequent upon our signing of an Export Development Cooperation Agreement with Canada and an Overseas Private Investment Cooperation Agreement with the United States. My Government has already agreed to provide additional safeguards to investors from these countries against risk and expropriation and the Ministry will render all assistance to the prospective investors from these countries to take advantage of the new opportunity.

The oil exploration programme continues with the recent approval granted to AMOCO Bahamas Petroleum Corporation Limited for a 5000 square mile area of exploration. A joint application by Esso/Chevron is also under active review. My government has also signed a third licence agreement and renewed two existing licences for Tenneco Oil. The reneweal commits Tenneco Oil to an exploratory drilling programme before the end of the year.

Agriculture

Mr Speaker, the development of the relatively large agro-industrial potential of The Bahamas continues to be one of the main planks of our economic diversification policies. However, despite substantial increases in the production of winter fruits and vegetables, our food import bill continues to increase at an alarming rate. The development of a local food industry would not only ensure national food security but would, in the process, generate direct employment amounting to thousands of new jobs. This will, however, require the establishment of an agro-industrial infrastructure calling for massive capital investment.

My Government, recognizing that it alone cannot possibly provide the huge amounts of capital needed, has intensified its effort to attract local and foreign investors to this important area of economic development. Such efforts, which have now begun to have positive results, will continue in 1986 and, where possible, new concessions and investment benefits will be considered to further encourage such investments. In the meantime, my Government will continue to expand its research, extension, credit and general farmer and allied services to enhance, stimulate and monitor agro-development projects.

The food technology complex, a pilot feed mill and a plant for the processing of poultry offal have all been completed and during 1986 a plant propagation unit and a small factory for the extraction of cascarilla oil will be completed. Recent insects and disease problems in Florida, which have necessitated a temporary ban on imports of citrus fruit and plants from there, make the development of a plant propagation unit timely. It is envisaged that this unit will produce and sell all types of tropical fruit plants and certain ornamentals to farmers and growers at reasonable prices. This will complement the already successful government programme of providing all types of livestock to farmers at subsidized prices.

The pilot feed mill and the poultry offal plant are key infrastructural developments in our animal feeds programme, Mr Speaker. These units will be able to proces all the feed grains and legumes our farmers can produce and will therefore provide an opportunity for our farmers to practice more crop diversification. The increased production of crops like corn, sorghum, peanuts, soya beans, sunflower and cassava will lessen our apparent over-dependence on the production of certain perishable crops and this will result in considerable improvements in the marketing problems now experienced from the seasonal over-production of these crops.

The pilot fishing studies forecasted in my 1985 budget communication are now being finalised and are underway. These studies will assess the feasibility of commercial fishing for deepwater snappers, offshore pelagic fish and stone crabs. The results of these studies will be evaluated by mid-1986 and, based on the findings, consideration will be given to expanding these operations beyond the pilot scale.

Maritime Affairs and Aviation

Mr Speaker, my Government will continue to promote The Bahamas to become one of the world's largest and most reputable ship registration centres. Stable government, excellent communications, good banking facilities, competent legal services and conformity with recognized international standards of safety have all helped to achieve this end. It is my government's policy not to sacrifice quality for quantity nor to allow the fleet to expand beyond the supervisory capacity of the Department of Maritime Affairs.

Despite initial relatively slow growth of the Bahamas' flag fleet, there was marked increase in registration after the amendment of the Merchant Shipping Act in 1982 and the establishment of Ship Registration Offices in London and New York. The number of registered gross tons have increased from 58,000 gross tons in 1976 to over 5,000,000 gross tons to date and the number of ships registered during that same period have increased from 60 to 343.

Due to the continued increase in cruise ship activity for Nassau, a study is being undertaken of the best means of expanding the Nassau Harbour and Prince George docking facilities to accommodate the additional traffic and very large cruise ships. With the anticipated extension of cruise shipping to the Family Islands a study is also underway for the improvement of docks and harbours in Andros, Abaco, Eleuthera, and Exuma to enable them to accommodate cruise ships and yachts.

My goverment will also continue to keep under review, the state of docks and jettys in the Family Islands and the necessary upgrading of such facilities will be undertaken during 1986.

Mr Speaker, Honourable Members are aware that at Nassau International Airport, we have arrived at a point where, during the peak hours of the day, the passenger handling facilities are at saturation point. A decision was therefore taken to expand and redevelop the airport terminal facilities to meet the projected needs of the country through the year 2,000.

Phase one of the terminal building expansion involves the expansion of The Bahamas' Customs and Immigration sections and the provision of an arrivals hall which would enable persons awaiting arriving passengers to be under cover in an airconditioned lounge with concession stands and other travel related amenities. This phase which is nearing completion is to be followed in 1986 by the construction of a new US Flights Terminal and Upper Level Boarding Finger. This new terminal will provide US Customs, Immigration and Health facilities, airline ticket counters, office space, airlines first class passenger lounges, a precleared lounge, restaurant, bar and other amenities.

During 1986, the airport firemen quarters and crash vehicle facilities and the aviation fuel farm will be relocated to a more suitable site in order to make the existing site available for the second phase of the terminal building extension. The aviation fuel farms will also have to be relocated. It is also proposed to upgrade and replace runway and taxiway lighting cable fixtures during 1986.

My Government, conscious of the need for continued upgrading and development of Family Island Airports, will continue to systematically develop such facilities during 1986. Work will soon commence on a new terminal building at Marsh Harbour Airport and later in 1986 construction of a new Exuma Airport facility will begin. Other existing facilities in several islands will be upgraded.

Health

Mr Speaker, being ever cognizant of our overall health care needs, my Government continues to be committed to the task and goal of providing adequate and acceptable health services throughout the Commonwealth of The Bahamas.

In 1986 there will be an expansion and improvement of services to the community with special emphasis for the Family Islands. By this process, my Government seeks to achieve a level of health for all Bahamians that will permit them to lead a socially and economically productive life throughout 1986 and beyond. Special attention will also be given to those groups in our communities who are considered at risk, in particular, services for mothers, children and young persons, the elderly and disadvantaged.

Honourable Members are well aware that the Princess Margaret Hospital, Sandilands Rehabilitation Centre and the Rand Memorial Hospital are the three major health care facilities in The Bahamas that expansion of the services of these institutions, along with the improvements for community-oriented care, will ensure that a suitable referral network is esablished for adequate secondary and tertiary care. To this end, funds have been provided in the 1986 Budget to commence the implementation of the master plan development of the acute care institutions. The firm of Watkins, Gray, Woodgate International (UK) Hospital Planners and Architects have been retained by the Ministry of Works & Utilities to prepare designs, specifications and other related consulting work in connection with the expansion and redevelopment of both the Princess Margaret Hospital and the Rand Memorial Hospital. In the meantime, the roof on the Princess Margaret Hospital will be replaced.

Environment

Mr Speaker, as you are aware, a healthy environment contributes to a healthy citizenry. My Government is therefore committed to keeping a clean, healthy and beautiful environment and will do so through community participation.

In 1985 considerable funds in this regard were expended by my Government and there have been some noticeable improvements. I am providing the same level of funding in 1986 to permit the expansion of these improvements to the whole of New Providence.

A Bill to promote the conservation and maintenance of the environment will be introduced soon for the consideration of Honourable Members and it is hoped that it will have an impact upon the disposal of domestic, commercial and industrial waste.

The recently completed Drug Unit at Sandilands Rehabilitation Centre is now fully operational. During 1986 greater emphasis will be placed on long-term rehabilitation programmes as well as expansion of treatment services to our Family Islands, thereby continuing the work begun in 1985 by the Sandilands Rehabilitation Team, the National Drug Council and the other civic organizations.

Studies at the Sandilands Rehabilitation Centre in the past year have highlighted the need for the development of comprehensive mental health services which will meet the needs of our community in general but particularly the young. For this reason, during 1986 consideration will be given to the development of construction plans for that institution to provide and upgrade facilities which will serve as a comprehensive treatment, training and resource centre for psychiatric care thus facilitating the expansion of outreach services to the community.

Youth, Sports and Community Affairs

Mr Spaker, the future of a country lies in proper development of its youth. Towards this end, the choice of 1985 as International Youth Year was significant as it served to mobilize efforts at the local, national, regional and international levels to meet the needs and aspirations of young people.

In pursuance of our national youth development efforts, special emphasis will be placed in 1986 on a youth employment project. This project is being implemented as a result of prolonged requests and study since 1981 conducted jointly by the Government and the Organization of American States.

The project emphasizes.

(1) Apprenticeship and training;
(2) Labour market information;
(3) Entrepreneurship for young men and women; and
(4) Youth Employment service.

My Government is also fully committed to the ongoing and systematic development of sports in the 1980's and wishes to assure the sporting community of our continued support and assistance towards the national development of sports and recreation.

In 1986, emphasis will be placed on promoting local sports administration seminars as well as assisting local sports personnel to participate in international seminars. In the technical and specialized areas of sports management, coaches, officials, trainers and other related personnel throughout the length and breadth of The Bahamas will be encouraged to pool their resources and expertise to instill and foster scientific principles and techniques. The skills of our proven sports experts will be utilized to train Bahamians interested in the advancement of sports. When necessary, international sports experts will be imported to assist in the development of worthwhile and meaningful programmes. Through such exposure my Government will assure that athletes in New Providence and the Family Islands would have equal opportunity of coaching and management in the quest for national and international supremacy in sports.

Mr Speaker, in the 1986 budget I have made provision for the rehabilitation of the swimming pools at South Beach and for improvements to the softball stadium.

In recent years, Mr Speaker, a litany of social problems have gnawed at the fabric of the Bahamian society. We have been beset by an alarming rate of drug abuse; teenage pregnancy has become commonplace; sub-cultural groups have taken root; the crime rate continues to disarm the society. Very little is sacred anymore.

Almost always, these conditions are manifested among our youthful population — those who are poised, by the very rules of nature, to succeed us as tomorrow's leaders. The social maladies that plague The Bahamas are in my judgment, symptoms of a wider, larger problem which is the problem of alienation, estrangement, frustration and non-acceptance of traditional norms and mores on the part of many of our young people. Indeed the alienation, frustration and societal rejection displayed by the young Bahamian are mere symptoms of another problem, namely, the growing ineffectiveness of society's traditional institutions.

From time immemorial, the family has been the key social institution. Traditionally, the school, the church and the political and economic systems revolved around the family as it was the primary agent for instilling positive social values and ideal self-concepts among the young. Today, social values have become warped and there is a disquieting identity crisis.

If we are going to effectively fight against the social decay and moral disfigurement that have stretched their tentacles throughout this country, then we must go straight to the source. Just as a physician does not treat a "runny" nose — which is a symptom — by giving the patient a piece of kleenex, we cannot treat our social ills by merely addressing the symptoms, most of which emanate from one problem source, the growing ineffectivness of the family.

Perhaps now is an appropriate time for us to pause and examine the nature and role of the new Bahamian Family. We may want to assess the changing patterns that may have emerged over the last decade in the three traditional functions of the family, namely: reproduction of new members, child care, and the socialization of children to the values, traditions and norms of the society.

It is upon families that nations are built. Weak families will produce weak children; weak children will perpetuate a weak society. Conversely, strong family units will normally produce strong children who will, in turn, perpetuate a strong, purposive, uplifting society.

In light of the foregoing, I am pleased to announce that my Government has agreed to appoint a special Task Force on Family Life to conduct an in-depth, scientific analysis of the major causes and consequences of the apparent demise of parental authority and the attendant relationship between the quality of family life and the extent of social and/or behavioural problems in our society.

Specifically, the Task Force is expected to examine, among other matters:

(a) the scope and impact of single-parent families in The Bahamas.
(b) the scope and impact of teenage-headed families in The Bahamas.
(c) the scope and impact of parentless families in The Bahamas.
(d) the extent to which parents influence children's leisure time activities.
(e) the extent to which parents participate in children's goal-setting and goal-attainment activities.
(f) the primary methods by which social norms are transmitted to children: by parents, peers or teachers
(g) The nature and patterns of parental rewards and punishment for children.
(h) The relationship, if any, of social class and upward mobility on family stability and social cohesion.
(i) The relationship between patterns and frequency of church attendance and family stability.

Housing

Mr Speaker, in keeping with its commitment to continue to improve the housing standards, particularly of low-income persons, in New Providence and the Family Islands provisions have been made for the development of infrastructure in Nassau Village in New Providence as well as in Eight Mile Rock, Grand Bahama, Marsh Harbour and Spring City, Abaco and at North Andros.

Steps will be taken in 1986 to complete the development of the Elizabeth Estates East Subdivision and a start will be made in developing the Nassau Village and Elizabeth West Subdivisions. Attention will also be devoted to the provision of recreational facilities in Yellow Elder Gardens, Elizabeth Estates East, Nassau Village and East Coral Estates, Grand Bahama by the construction of parks and playing facilities. Land will continue to be acquired for low cost housing both in New Providence and the Family Islands.

My Government will also continue to stimulate home ownership through its incentive grant programme and assist low-income home owners through the programme of funding rehabilitation repairs in depressed areas of New Provdience and the Family Islands.

The present programme of improving and providing facilities such as firewells, stormwater drains, drainage wells and sidewalks in low- new learning, cultural and recreational centre right in the heart of Grants Town the preservation of the cultural continuity of the entire Grants Town Community ought to be assured. Provision is being made in the Ministry of Education's budget to complete the planning of this facility.

Redevelopment of Grants Town

Such a new educational facility at the top of Grants Town Hill will be just one of the features of a new plan for the re-development of Grants Town from Nassau Street to Collins Wall and from Robinson Road to the Hill.

My Government's plan is still to transform this depressed, decaying area into a thriving community but it now proposes to do so in a more homogeneous manner and at a more upscale level. Over a period of time commencing in 1986 the area will be transformed into a thriving community with sidewalks, decent parks and playgrounds, good and safe residential communities and an upbeat commercial sector. In order to attract new private capital into Grants Town, the concept that consideration is being given to will involve the folowing basic elements.:-

(1) Designate the area an Economic Enterprise Zone with special incentives. The designated area would be the same as in the original Grants Town Improvement Area except that the southern boundary would be moved back to the northern side of Robinson Road.
(2) Develop Wulff Road between East Street and Blue Hill Road as a new Bay Street-like shopping area specialising in duty-free shops.
(3) In selected areas between East Street and Market Street develop Central Park or Hyde Park like green belts. Having done or while doing so invite private developers to build for resale apartment and townhouse complexes and single family houses around the green parks and entrepreneurs to locate business enterprises in the zone.
(4) Construct new primary school classrooms and secondary schools in the area.
(5) Locate all magistrates courts in the area leaving Parliament Square for the Supreme Court and Court of Appeal.
(6) Select additional sites in the areas for the location of district branches of the Post Office, National Insurance Board and other Government and Public service.

To begin to bring this about, Mr Speaker, I have allocated some $5 millin in the 1986 budget.

The 1986 Budget

Mr Spaker, I mentioned earlier that my Goverment is acutely aware of and sensitive to the principles of economic efficiency in the expenditure of public funds. More importantly, my Government is determined not only to pursue fiscally prudent policies but we will also insist in 1986 that the policy managers in the Public Service adhere strenuously to that commitment. It is within that context that my Government's plans for 1986 were developed and it is with that emphasis that those plans will be carried out over the next year.

Total revenue receipts for 1986 are estimated to be in the region of $458 million or 6% above estimated level for 1985. As usual, the dominant revenue item is the proceeds from customs duties which account for 55% of the total revenue of $252 million. The non-tax revenue estimates for 1986 amount to $88.7 million or 19.4% of total revenue.

The realization of these Estimates of Revenue for 1986 will depend, in a large measure, on the extent to which we are able to tighten up the procedures for collections, minimize the degree of leakages and move vigorously to bring arrears owed to the Government to account. In this connection, public servants who are responsible for revenue collections and the general public who are delinquent in the payment of lawful taxes, are hereby placed on notice that playing the fool with Government Revenue in 1986 will bot bt tolerated.

Mr Speaker, in keeping with my Government's tradition of bringing to Parliament a balanced Budget on the recurrent account, the Estimated Recurrent Expenditure for 1986 is $458 million or approximately the same amount as the estimated revenue for 1986. 49.8% or $228 million of the total Recurrent Expenditure is allocated for Personal Emoluments in 1986. That figure represents payment of salaries and other benefits to public officers who are therefore expected to perform efficiently and effectively to justify that commanding share of public sector resources.

In terms of allocation to the various Ministries and Departments, Mr Speaker, the following is an overview of the 1986 appropriations:

Ministry of Education (including the College of The Bahamas) — $88.6m or 19.3%

Ministry of Health (including the Rand Hospital and Environmental Health) — $65.6m or 14.3%

Police Department — $34m or 7.4%

Ministry of Tourism — $28.1m or 6.1%

Ministry of Works — $13.1m or 2.8%.

Mr Speaker, the Public Debt (which includes principal and interest repayments on loans, government stock and treasury bills) is estimated at $109.2 million or 23.8% of the total Recurrent Expenditure Budget of 23.7% of total estimated Revenue. That proportion is regarded as very manageable in that it implies that out of every dollar of Government revenue only 23¢ is applied for debt servicing.

Revenue Measures — 1986

Mr Speaker, for fiscal 1986 I propose only minor upward adjustments in some taxes. I shall be introducing a five cent on the gallon increase on the gasoline tax but the price at the pumps is not expected to increase appreciably as the price of crude oil at the well-head is steadily coming down. I am also introducing a small increase in customs duties on alcoholic beverages and cigarettes, items which were not affected by the 2½% across-the-board increase in customs duties approved by the Honourable House last year.

Apart from that Mr Speaker, I do not propose to introduce any new taxes or any major increases on existing taxes in 1986. I am of the opinion that the current level of taxes could support public expenditure if and only if all taxes owed to the Government are accurately assessed, promptly paid and brought to account in a timely fashion. In this connection therefore, it is our intention in 1986, to place a heavy emphasis on collections.

Mr Speaker, in my last year's budget speech I had mentioned that collection of a number of lawful taxes and fees which had been sanctioned by this Honourable Parliament had been somewhat tardy because of the lack of follow-up procedures by those responsible for collections and that this laissez-faire attitude towards Government's revenue will not be tolerated in the future. I am now happy to be able to inform the Honurable House that the Ministry of Finance got an internal study undertaken of the operations of the Customs Department which is the major revenue earner for the Government. This study has highlighted the major areas of weaknesses and action has already been taken to remedy some while steps are under way to rectify others. And this action has already started yielding results. On the present trends, the revenue from general import duties in 1985 may be as much as $34 million more than last year, which even after making allowance for tariff adjustments, will be the maximum incremental growth in one year. My government proposes to undertake a similar study of all the major sources of revenue for the Government, and since this is not possible for the Ministry to do, single-handedly and within a short period, my Government has decided to set up a special task force.

The task force would be made up of senior officers from the Ministry of Finance, Treasury and the Auditor-General's Department assisted by a fiscal adviser from the International Monetary Fund and other Permanent Secretaries from time to time.

The Task Force would be responsible for investigating the collection procedures of all revenue items with a view to making recommendations for improvements in the systems to maximize returns and minimize leakages. Additionally, the Task Force is expected to make recommendations regarding the collection of arrears including taking legal action wherever necessary particularly with respect to real property tax, stamp and tourism taxes, customs duties and business licence fees. It is expected that these measures would help considerably in augmenting Goverment revenues to meet the growing needs of governmental expenditures.

Mr Speaker, so far as public finances are concerned, revenue and expenditures are the obverse and reverse of the same coin. You increase revenue and you increase the ability of the Government to spend more. Likewise you save on wasteful, repetitive and uproductive expenditures and you have more to spend on essential, productive sectors without adding any burden on the public exchequer. Therefore Mr Speaker, my Government proposes to adopt the twin-strategy of maximizing revenues and saving on wasteful, advoidable expenditures in order to ensure a better financial management for the Government and put the public finances on a more sound footing.

Capital Development — 1986

Mr Speaker, the total Capital Development Budget for 1986 is $71.3 million or 9% larger than the 1985 Budget of $65 million.

The Government's Capital Development Budget is essentially a portfolio of public investments in both social and economic infrastructure in which the rates of return of some projects like new schools, for example, are difficult to quantify. Similarly, the rates of returns on new roads, water and electricity supplies are appropriated by the entire community and not just the Government. These projects are, by and large, the types of investments which are seldom undertaken by the private sector but are nevertheless essential to the smooth functioning of any society.

In 1986, $15 million has been allocated to the Ministry of Works and Utilities to continue the construction of roads in New Providence and the Family Islands, the erection of Government buildings and the extension of electricity and water systems in the Family Islands, among other things. The Department of Aviation has been allocated $10 million for the continuation of developments at Nassau International Airport and the construction of terminals and runways in the Family Islands. The Ministry of Education has been allocated $12 million to construct new schools and to expand and repair existing ones. For the further development of hospital and clinics, the Ministry of Health has been allocated $4 million.

Mr Speaker, the Government is obliged to continue its assistance to quasi-government corporations, acquire fixed assets for all Ministries and Departments and carry out its development commitment in the Grants Town area. In this connection therefore, $16.5 million has been allocated to the Sundry Capital Expenditure and the Ministry of Finance. Details of these and other projects are outlined in the Budget Estimates which I am having distributed to Honourable Members.

Since it is my intention to fund these capital projects in the traditional manner, I have prepared the necessary resolution seeking Parliament's authorization to obtain capital funding by means of a stock issue and I trust Honourable Members would act swiftly to approve the issue so that my Government may expeditiously proceed to implement, on behalf of the Bahamian people, it capital programmes for 1986. I believe the programmes identified can be accomplished in 1986, Mr Speaker, because the bottlenecks in the capital funding programme which I alluded to in my last Budget Communication to this Honourable House have been reduced considerably over the last year and progress in this direction is expected to continue in 1986.

Conclusion

Mr Speaker, in concluding I should like to remind Honourable Members and the Bahamian public that our country continues to be regarded in the highest terms by the international community for the efficiency with which we conduct the fiscal and other public affairs of this nation. We have demonstrated, year after year, that we are capable of not only developing from within through using our own resources but also we are capable of attracting legitimate, permanent foreign investment as evidenced by the growth of the tourism, banking, insurance, industral and agricultural sectors.

Mr Speaker, it is against this background that the 1986 Budget was formulated to demonstrate clearly to Bahamians and to the world that the way ahead for The Bahamas is Forward, Upward and Onward Together with more progressive strides in the arena of social and economic development.

/8309
CSO: 3298/233

OPPOSITION LEADER CRITICIZES MAJOR FEATURES OF BUDGET

Nassau THE TRIBUNE in English 5 Dec 85 p 1

[Article by Anthony Forbes]

[Text]

OFFICIAL Opposition Leader Kendal Isaacs warned parliament last night that it cannot continue borrowing for capital works or it will borrow the country into bankruptcy.

The Free National Movement leader said the full $71 million earmarked for capital works in 1986 will have to be borrowed.

He also pointed out that personal emoluments and debt servicing will account for 83.8 per cent of the $458 estimated recurrent expenditure for 1986, leaving 16.2 per cent of the revenue to run other areas of Government.

The Delaporte MP, who continued his debate this morning, also took issue with a statement in the budget communication by Prime Minister Pindling, who is also Minister of Finance, that the 1986 budget is a balanced one, declaring that the budget is not balanced even as far as recurrent expenditure is concerned.

Mr Isaacs was the third speaker to debate the $529 million, 1986 budget in the House. One hour of his speech will be broadcast by ZNS radio at 7:30 tonight. Mr Isaacs told House of Assembly members that the television time given the Prime Minister in his budget communication last Monday, while allowing the opposition only radio time, was "rank discrimination."

Mr Isaacs, who led the opposition in a walk-out from the Chamber as the Prime Minister read the budget communication in protest, said that it demonstrated that Government is not prepared to be fair with anyone who is not of their persuasion.

He said his theme during his contribution to the debate will be "too little too late, or promises, promises."

Dealing with capital works estimates, Mr Isaacs said the estimates must have the effect of frustrating the people of the Bahamas who really depend on such works performed by Government.

He said each year there are reports of sums allocated but only of some of the money being spent for capital works.

Providing statistics, the Opposition Leader noted that $65.7 million was allocated for capital works in 1981 with an expenditure of only $37.9 million, leaving a "short fall" of $27.8 million.

In 1982, he said, some $65.6 million was budgeted for capital works while only $37.3 million was spent, producing another shortfall of $28.3 million.

In 1983, $57.2 million was allocated for capital works, $37.3 million was spent with a shortfall of $23 million, Mr Isaacs said.

He said that in 1984, $39 million was budgeted for capital works, but only $17 million was spent, again with a shortfall of $22 million.

In 1985, he said, $65 million has been allocated with an expenditure expected of some $50 million, leaving a shortfall of $15 million.

"We must have a roller coaster of frustrated people if we believe these estimates," Mr Isaacs said, adding that there has been a total shortfall of $115.8 million from capital works allocations betweeen 1981 and 1985.

Mr Isaacs hoped Government would say how the remainder of the monies from capital works allocations were spent or what they were used for.

According to Mr Isaacs, it makes the opposition "wonder whether we can have any confidence in the accuracy of this budget."

He said it was estimated in the 1985 budget that $421 million would be collected in revenue, but declared that the estimate "belongs in the realm of fairy tales."

Mr Isaacs said that looking at the Central Bank reports in the first half of 1985, it is shown that for the first quarter, $76.5 million was collected in revenue while in the second quarter, $92.6 million was collected.

He said that those figures are added together and multiplied by two, a figure of $338.2 million would be arrived at, which when subtracted from the $421 projected revenue estimate for 1985, would leave $82.8 million.

In other words, Mr Isaacs said, the Government would have to collect $82.2 million more in the second half of 1985 than the first half to meet the estimated $421 million in revenue this year.

Branding the revenue estimates for this year as "completely unrealistic," Mr Isaacs said: "If that figure is unrealistic, then the figure for 1986 is correspondingly unrealistic. There is no way that the 1986 estimates can be realized."

He said that if $458 million is going to be spent in 1986, then there will be a large short fall in revenue to meet that deficit," he said.

He said that what is significant in the 1985 budget communication is a statement that over 60 per cent of the entire budget is for personal emoluments.

But he said the figure for 1986 has suddenly been reduced to 49 per cent for personal emoluments.

Mr Isaacs then questioned whether there will be a reduced civil service because of the reduction in personal emoluments to be paid in 1986.

He also said that the figures for the payment of personal emoluments and debt servicing, when added together, will account for 83.8 per cent of the total revenue, leaving some 16.2 per cent of the revenue to take care of running Government in all other areas in 1986.

He said that again one need not wonder why there are always shortages in various Government departments and charged that there is bound to be a deficit.

He said that year after year the Minister of Finance tells the House that he is presenting a balanced budget, "but year after year, if the figures are accurate, there has to be a borrowing of the full amount for capital works."

Noting that there is no money left over for capital works, Mr Isaacs warned that "we cannot go on year after year borrowing for capital works or we will borrow ourselves into bankruptcy."

/8309
CSO: 3298/233

BAHAMAS

PINDLING OUTLINES PROGRAM TO BOOST DEVELOPMENT, JOBS

Nassau THE TRIBUNE in English 4 Dec 85 pp 1, 4

[Article by Anthony Forbes]

[Text]

PRIME Minister Sir Lynden Pindling said today that future economic growth will depend largely on commercial and industrial development and that millions will be spent to improve berthing and docking facilities in the Bahamas in the coming years.

Commenting on the Grants Town project as he opened debate on Government's $529 million, 1986 budget, the Prime Minister said the work involved is going to create new construction, new jobs and new business opportunities for Bahamians.

He said that work refurbishing downtown will continue in 1986, including the upgrading of Nassau harbour and the water front.

Noting that new incentives would have to be created to make investments meaningful, the Prime Minister and Minister of Finance said that it would seem that there is a greater chance of succeeding in this context than at any other time in the country's history.

He said it will also come at a psychological time when the country's sons and daughters are ready for the challenge.

"That is why we have confidence in this concept that we have proposed," he said, adding that details and plans are still evolving.

The Prime Minister said that last December the House approved the raising by Government of $65 million for capital development in two stock issues in February and June, 1985, at $35 million and $30 million respectively.

He said that the Treasury has authorised $52.6 million for capital payments so far.

He said that out of the funds on hand will be paid claims on capital works still in progress and capital goods ordered earlier but delivered late in 1985.

On the off-shore insurance industry, the Prime Minister said that in the mid-1960s, there were 200 captive insurance companies operating in the Bahamas but the figure declined after legislation relating to their operations was passed in 1969.

He said new legislation has been passed - the External Insurance Act - to develop the captive insurance industry in the Bahamas again.

He said Government had been searching for someone to launch the industry which will provide jobs and improve the foreign exchange earnings, among other things.

He said that Mr John Darville, 53, a former senior underwriter in London who has also worked in Bermuda and the Cayman Islands, has been appointed as insurance adviser to Government to supervise both the domestic and external insurance industries.

According to the Prime Minister, he can see rapid development in this field similar to the one seen after legislation was passed dealing with ship registration several years ago.

He further noted that one of Tennoco Oil Company's rigs will enter Bahamian waters tomorrow to begin drilling for oil over the weekend.

He said the projected plans of the Hotel Corporation, which is playing a major role in the economic development of the Bahamas, will also have an impact on the country in 1986 and 1987.

He said the Cable Beach Hotel, which Opposition Leader

Kendal Isaacs had called a "white elephant", has gained world-wide renown and is a pace-setter in the hotel industry in the region.

Responding to a remark by Carmichael MP Frank Watson relating to the financial position of the hotel, the Prime Minister, who once served as Chairman of the Hotel Corporation, said that the Cable Beach Hotel has made a profit from the first year of operation.

He assured members that they will have an opportunity to see the figures when the report on the hotel is tabled in parliament.

The Prime Minister also said that the Lucayan Beach Hotel in Freeport, Grand Bahama, will be every bit as successful as the Cable Beach Hotel, and that its opening and operation will bring an additional 50,000 tourists to Lucaya each year.

He said that having concentrated its programme in Nassau and Freeport over the last 11 years, the Hotel Corporation is moving to develop resort facilities in the Family Islands beginning with Andros, Eleuthera and Exuma.

He said that these new resort facilities will appeal to higher income tourists.

Noting that it would be interesting to see the Official Opposition's approach to the resort development of the Family Islands, the Prime Minister said that between 7,500 and 8,000 acres of land has been bought by Government at Andros Town for $1 million and not $5 million as an aspiring FNM candidate for Marsh Harbour, Abaco, has said.

He said Government has been considering the purchase of the land since 1979 and the Hotel Corporation believes that what it proposes to do with the property could succeed now.

The Prime Minister said that the AUTEC agreement has been resigned and extended for another 15 years and pointed out that housing for AUTEC personnel at Fresh Creek, Andros, has always been a problem.

He said there is a real need for housing by US personnel serving at AUTEC Base at Fresh Creek and that it is up to the Hotel Corporatipon or businesses to provide such accommodations, which could later be sold to Bahamians.

He said the Lighthouse Club Marina and Hotel at Fresh Creek have always been popular and that there is no marina facilities after one passes Chub Cay in the Berry Islands.

He said the Twin Lakes Farm at Fresh Creek still has the potential to feed the Bahamas and told members that the food import bill is too high.

According to the Prime Minister, initiating meaningful economic development can assist in stopping the drift in population from the Family Islands to Nassau, the elimination of unemployment in the Family Islands and a reduction in the amounts of money necessary to subsidize the costs of basic utilities, such as water, telephone and electricty.

He said he has been advised that Abaco has full employment and that the agricultural and tourist sectors have potential for further development.

The Prime Minister said the possibility is being explored of the Hotel Corporation and Bahamasair, the national flag carrier, to combine efforts abroad in promoting and selling tourism in the Bahamas.

"What is being explored now is for them to jointly cooperate to maximize the earnings of each other," he said.

He also said that Bahamasair will not be able to compete with big carriers on the schedule routes, but charters from destinations which are not serviced by the big carriers would be a powerful selling item in the hands of Bahamasair.

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CSO: 3298/233

BAHAMAS

PAPER SCORES PLP ADMINISTRATION FOR 'DISMAL RECORD'

Freeport THE FREEPORT NEWS in English 14 Nov 85 p 2

[Editorial: "The Political Pendulum"]

[Text] Having gone "All the way" with the Progressive Liberal Party since 1966 it would now appear that the time is ripe for another swing of the political pendulum away from a system in which the governing party has successfully dominated the political scene to the detriment of the nation.

Scarely challenged by the Official Opposition Free National Movement, the present administration which has 32 of the 43 seats in the House of Asembly have been in a position to effectively railroad through Parliament any measures they wished and could and have on many occasions ignored suggestions or recommendations by the FNM which has only 11 seats.

Despite having all the political clout necessary in Parliament to effect meaningful changes in the lives of the many residents of the Bahamas — including the OUT Islands — the Government's record in this regard remains dismal.

Under the PLP the Out Islands have been renamed "Family Islands" but for the most part, as we noted yesterday, development has been isolated, and in many areas non-existent. Certainly if, as the Government wishes us to think the far flung group of islands which comprise this country are a "family" then they must be treated like family.

Members of Parliament, particularly those who represent Family Island constituencies have a duty to the people they represent to bring their needs to the Government and obtain the same services that Nassauvians have for years become accustomed to. We are talking here about basic necessities. Running water, electricity, decent roads, docks that are not falling into the sea and in the case of the major islands access to pertinent documents and records without having the burden placed on them of taking a trip to the Capital at their own expense.

Representatives who may belong to the governing party can no longer afford to simply attend meetings of the House and mouth a few pleasant words guaranteed not to embarrass or upset their Cabinet colleagues and consider their job done.

The people, despite the lack of infrasturctural development in the islands, have grown more sophiscated than in the 1950's and before. They are now beginning to suspect that they have been short changed by a government which has failed to live up to more promises than it has kept.

While we recognise the importance of party loyalty, M.P.'s were elected by their constituences to perform a job for the people — not the party.

The time has come when Representatives elected by the people should balance their party loyalties with the greater responsibility and duty they have been elected to perform.

In the case of governing party backbenchers, they may now have new leadership potential among them with the return to that humble but vital sphere of men like Hubert Ingraham, Arthur D. Hanna, and Perry Christie. We deliberately omit others who now also comprise the PLP back bench fold.

On November 7, 1985 we carried an article in which a former PLP member who represented West End and Bimini Mr. Henry Bowen stated that the PLP had been transformed into the Prime Minister's personal political organization which is being manipulated for the sole purpose of keeping Lynden Pindling in power.

He said that Sir Lynden has put a scare in many PLP backbenchers and that they know now that if they dare challenge his judgement they would feel his whip.

This is a situation that bodies no good for either Sir Lynden, the PLP or the country.

PLP history is littered with the broken political careers of those who opposed or criticized the PLP from the man second to the top down. Mr. Bowen is also a victim of the PLP axe. If in fact only the opinion of the CHIEF is important, that is a sad state of affairs for any party.

There must be room in both political organizations in our nation (the FNM and the PLP) for some dissent. Tolerance of views is essential if organizations like these are to grow rather than stagnate under the heavy hand of any one man.

Canon William Thompson of the Anglican Diocese put it well during the Remembrance Day Service in the Capital when he said that the question of peace was not the absence of "unquiet", but rather the presence of justice.

"In our Bahamas, if there is to be real peace then there must be equality in terms of people being given a chance to go to school, being given a chance to get the job for which they are qualified, a Bahamas in which there is no victimization because of one's political affiliation or any linkages; a Bahamas which has a place for those who are white, those who are black, those who have been here from day one and those who have come to join us. There must be equality in the wider sense of that term if we are to have genuine peace," said the Canon.

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BAHAMAS

NEW AMBASSADOR FROM VENEZUELA PRESENTS CREDENTIALS

Nassau THE TRIBUNE in English 28 Nov 85 p 7

[Text] THIS WEEK Dr Valentin Hernandez, Ambassador of Venezuela to the Bahamas, presented his credentials to Governor-General Sir Gerald Cash at Government House.

In accepting his letters of credence Sir Gerald said that although industrialization of Venezuela is not yet complete, "she has distinguished herself as showing sensitivity to the needs of other Caribbean states.

"The Bahamas is not unaware," he said, "of the oil facility which Venezuela along with Mexico extended to Caribbean states as well as the contributing partnership which Venezuela has with the Caribbean Development Bank. We are convinced that the role which Venezuela plays, contributes to the well-being of the people of the region and enhances the peace and prosperity of the region."

Dr Hernandez, a diplomat with a long and varied career, has been involved most of his life with the petroleum industry.

The diplomat started his career as a petroleum engineer with Creole Petroleum Corporation from 1948 to 1949. He left that company to enter private business, first as manager of Rural Engineering Works, CA from 1949-58, and then as manager of San Antonio Constructions, CA from 1956-63.

In 1963 he entered the Venezuelan Foreign Service with the rank of Economic Counselor and was posted to the Embassy of Venezuela in London, where, on various occasions, he served as charge d'affaires, ad interim. He left the Foreign Service in 1964.

In 1965 he was appointed Ambassador to Lybia, Tunisia, and Morocco with residence in Tripoli. He was later appointed Ambassador to Romania, where he served until 1972. From there he became Ambassador to Austria.

In 1974 he was appointed Minister of Mines and Hydrocarbons and served in this capacity for five years. During this period he was elected president of the OPEC Conference of Ministers on several occasions.

He has been honoured by many governments.

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BAHAMAS

PLP DISSENSION DISCERNED IN MOVE AGAINST NOTTAGE

Nassau THE TRIBUNE in English 5 Dec 85 pp 1, 4

[Article by Athena Damianos]

[Text] A GROUP of PLP backbenchers is seeking to have former Minister of Youth Kendal Nottage excluded as a candidate in the next general elections.

The backbenchers, some of whom are in the Pindling faction of the PLP, feel it would be politically unwise to allow Mr Nottage to represent the party in the next general elections because of a business association the Commission of Inquiry found he had with New England mafia figure/drug trafficker Michael Salvatore Caruana.

PLP chairman Sean McWeeney said recently that while there may be a strong opinion on the matter, he was not aware of a movement to deny Mr Nottage a nomination.

Mr Nottage made a communication to the PLP's National General Council on November 15, in effect challenging the backbenchers to identify themselves and lay their complaints on the table.

Mr Nottage said he was unable to respond to rumours and suggested that anyone who had a complaint against him should come forward with it so that he would be in a better position to defend himself.

A Council source said Mr Nottage's move is really aimed at flushing out the backbenchers and other "dissidents," who now include senators.

The source felt that, if the backbenchers are identified, certain elements of the party would then move to have them dropped as candidates in the next general elections.

The PLP Candidates Committee automatically includes the Prime Minister, Deputy and Chairman. Other members are Prime Minister Lynden Pindling's "buddy," Felix "Mailman" Bowe and Teletha Strachan, president of the Straw Vendors Association.

Also on the Committee are Valentine Grimes (Fort Charlotte), James Moultrie (Rock Sound), Perry Christie (Centreville), Ervin Knowles (Cat Island) and Bradley Roberts (Grants Town).

One of the backbenchers who feels Mr Nottage should not be a PLP candidate said he was confident that Nottage will be denied a nomination in the final analysis.

"Justice will prevail in the end," he claimed.

The backbencher said the Council voted to deny Cooper's Town MP Hubert Ingraham a nomination because he took an internal party matter to the House of Assembly.

Mr Ingraham condemned MPs who the Commission of Inquiry found were involved with drug traffickers and called for their resignations from Parliament. The Council determined that Mr Ingraham did not act in the best interests of the party and would therefore be denied a nomination.

However, Mr Ingraham revealed at a meeting in Cooper's Town September 11 that Sir Lynden frustrated an attempt by 12 backbenchers - one third of the PLP MPs - to hold a meeting of a Political Committee to discuss the Commission of Inquiry report in March, 1985, as agreed at the PLP's Chub Cay conclave in September, 1984. The backbenchers, headed by Pinedale MP Milo Butler, wrote to the Prime Minister in March - six months after the Conclave - to remind him of the overdue meeting.

Sir Lynden responded in writing on April 1, April Fool's Day, by claiming that his leadership was being challenged and, instead of discussing the Commission report, he took the matter of his leadership to the National General Council. The Council, over which he exercises control, supported a vote of confidence in Sir Lynden.

The Commission of Inquiry report, which was made public one year ago, still has not been discussed formally in the PLP.

The Commission found that Mr Nottage "fronted" in a joint business venture with mafia figure/drug trafficker Caruana, "whether he realized it or not." Nottage, a close friend and former law partner of Sir Lynden's, has not been disciplined by the PLP.

The backbench group has also moved to have former Agriculture and Fisheries Minister George Smith dropped as a candidate.

Mr Smith was charged in the Magistrate's Court last Thursday with accepting a $100,000 bribe from American Edward Ward as an inducement to "procure the removal" of Ward's name from the Immigration Restricted list.

Mr Smith has protested that he is innocent and the victim of malicious and vindictive abuse "created by the perpetrators of political character assassination.

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CSO: 3298/234

BAHAMAS

MINISTER SEES LOCAL GOVERNMENT AS KEY TO FUTURE

FL200450 Bridgetown CANA in English 2306 GMT 19 Nov 85

[Text] Nassau, Nov 19--The way ahead for some Bahamian islands may well involve establishment of local government, according to Minister of Transport and Local Government Philip Bethel.

Bethel admitted that local government was not a subject popular with several Bahamian politicians, but said a local government regime would help the various Family Islands scattered around this archipelago.

The way ahead for the Family Islands will also mean that inhabitants of the islands should be given a greater say in the affairs of their various communities, he said.

He added: Many decisions which are now made in Nassau could, and should, be made by those local leaders who live and function in their various communities from year in and year out.

The way ahead for the Family Islanders is to have more participation and involvement by those persons who live in the Family Islands.

Bethel also called for a more realistic tourism programme and other economic programmes for the Family Islands to be launched during the rest of the 1980's.

He said that a more adequate and efficient air transportation service was needed for the islands, adding that this required Bahamians being put on a solid footing.

That is precisely what we are now doing, and we shall take off with a reorganised airline to deliver to the Bahamian people the kind and scope of air service to meet the needs of our growing economy, he remarked.

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CSO: 3298/234

BAHAMAS

BRITISH TEAM HERE FOR 'INSPECTION' OF POLICE FORCE

Nassau THE TRIBUNE in English 29 Nov 85 p 1

[Article by Athena Damianos]

[Text] A TEAM of crack law enforcement agents has been seconded from the British Government to conduct a thorough inspection of the Bahamas Police Force.

Det. Supt. David Stockley of Scotland Yard, who was an investigator on the Commission of Inquiry appointed to investigate drug trafficking and related corruption is on the team which is headed by Insp R S Barratt, a former commissioner of police in the UK. Mr Stockley, a lawyer, was deputy head of the Central Drug Squad of the Serious Crimes Branch, New Scotland Yard, London.

The team, which will look at space, equipment and working conditions, is expected to make comprehensive recommendations which, if implemented, would bring the Force up to modern-day standards.

Informed sources have denied that the inspection is in any way linked to the Commission of Inquiry.

A source said that inspections of this nature are conducted routinely in Commonwealth countries with the purpose of upgrading police facilities. It is believed that the last inspection in the Bahamas was in about mid-1970.

Insp Stockley, who is working out of the Attorney General's office, said last week that "one of the reasons" for his visit was to attend the recent International Drug Symposium sponsored by the Ministry of Health and American Embassy.

He said it would be inappropriate to comment further and referred The Tribune to the Ministry of National Security. The Ministry has declined to comment on the matter.

The team's inspection included the Freeport Police Force.

Some of the team's recommendations are expected to be similar to those that have been made over the years by former senior Bahamian police officials, including Lawrence Major, Paul Thompson and Avery Ferguson.

Mr Major told the Commission of Inquiry he resigned from the Force after many years because he was completely frustrated by its inaction in some areas.

Over the past 10 years, many constructive recommendations have been made by Bahamian police, including one to bring more civilians into the force.

For instance, it was argued that police officers should be used for police work and should not have to man canteens, telephones, and the like. It has been suggested that traffic summonses, which take up many hours of time in paper work and delivery, should be abolished and replaced with a ticketing system.

"We have been suggesting for a long time that rewards should be given to policemen who report bribery and corruption. We feel this would help eliminate the problem," a source said.

"We have always felt that the Police Service Commission should be a body to which policemen who have been bypassed for promotion after years of good service could appeal."

Calls have also been made for a Police Association, which police feel would help improve conditions and efficiency, and more training courses.

For years now, the Police Force has reported manpower and equipment shortages in its annual reports. The situation became so serious earlier in the year that during a crime wave sometimes only two to four police cars were operational at the time. The arrival of 50 new police cars and motorcycles for the Commonwealth Heads of Government Conference has helped alleviate the shortage.

The Commission of Inquiry made a list of comprehensive recommendations for the Police Force. These included that:

--The establishment be increased substantially;

--The number of land vehicles be increased and a planned replacement and maintenance programme be implemented;

--Water transport and air transport be provided;

--Communications systems be upgraded on a planned basis.

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CSO: 3298/234

BARBADOS

GOVERNMENT AID TO SUGAR INDUSTRY RAISES CONCERNS

Port-of-Spain TRINIDAD GUARDIAN in English 16 Dec 85 p 15

[Text]

BRIDGETOWN, Sun., (Cana) — Government's decision to guarantee a further $10 million loan to the Barbados Sugar Industry Ltd and confirmation of a $10 million subsidy to the industry have left an atmosphere of anxiety amongst some shareholders, says a bank investment report.

"Market Commentary," published by Barclays Bank PLC, said: "There are growing fears that the Government's subsidy could invite stipulations that importations of weedicides, fertilisers and other crop materials be undertaken either by the Barbados sugar industry itself or by a Government agency."

It said that if this speculation became a reality there could be a substantial loss in revenue for those companies that supply crop materials.

The report said nobody had ventured to question the industry's need for the immediate injection of capital.

Besides the narrow concern of possible import guidelines, there are others who hold the view that the subsidy to sugar is disproportionate to the earnings contributed to the economy from this sector in recent years, it added.

But the report said while external influences would affect the viability of sugar, the Government should, to a great extent, fuel the concept of crop diversification and create a more positive approach to the development of agro-industries.

The consequence of these measures will mean a considerable saving in imports, "Market Commentary" added.

The report said that during the last five years, sugar export earnings were battered by the weak value of sterling and amounted to less than $300 million.

In comparison, earnings from the tourism and manufacturing sectors for the 1984-85 period reached $568.3 million and $526.4 million respectively.

The report said: "Despite the apparent imbalance in terms of financial contribution, the nation's post-war infrastructural development is greatly indebted to the sugar industry and other agro-based industries.

"These formed the backbone of the local economy and for several years dominated, in no small way, the country's overall economic performance."

"Market Commentary" said it was not expected that sugar would regain its economic influence since the process of economic diversification which took root in the mid-1960s would inevitably gain momentum, thereby bringing into greater prominence both the manufacturing and tourism sectors.

Besides, initial forecasts suggest that global sugar production and consumption for 1985/86 should show a sugar surplus of approximately 37 million tonnes, it added.

Even though this may not have a direct influence on the success of the local industry, it may have some significant impact on the price structure being offered by the EEC (European Community) to ACP (African, Caribbean and Pacific) countries, the report said.

CSO: 3298/223

SARNEY PREPARED TO IMPLEMENT CABINET REFORM IN FEBRUARY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 85 p 4

[Text] Brasilia and Belem--The chief of the President's Civilian Household, Jose Hugo Castelo Branco, confirmed yesterday that President Sarney prefers to make cabinet changes in February, rather than advancing it to January, as some sectors of the government would like. Another report that has been circulating in Brasilia in recent days, to the effect that Sarney would spend Christmas and New Year's Day in Sao Luis, was denied by his spokesman, Fernando Cesar Mesquita. According to him, the president will remain in the nation's capital, dividing his time among Planalto Palace, the Sao Jose do Pericuman country estate and Alvorada Palace.

Castelo Branco is one of those within the government that have recommended to Sarney that he change his cabinet at the beginning of the year. He himself has offered to resign, as he would like to begin his campaign for the Constituent Assembly. But the comment in political circles is that the current chief of the President's Civilian Household could remain in the administration, appointed as president of the BNDES [National Economic and Social Development Bank], vacant since appointment of Dilson Funaro as finance minister.

Minister Castelo Branco admits that speculation about his name is "natural," explaining that Sarney intends to choose for the BNDES a politician in whom he has complete trust and who has experience in the banking area--such as he, who has been in charge of the three official banks in the state of Minas Gerais.

Also according to Castelo Branco, the cabinet changes in February are likely to be interim, as the president inevitably will have to change his team again after next November's elections, reaching an agreement with the election winners. "But make no mistake about it. In this February cabinet shakeup, President Sarney will seek to match administrative competence with political compatibility," Castelo Branco told the newsmen. "Combine these two factors and you will have a cabinet minister, although until now he has not made any invitation or communicated with anyone who will join the cabinet in February."

Regarding the president's plans for the holidays, the Planalto spokesman stressed that no political event entered into Sarney's decision to remain in Brasilia. Mesquita sought in this way to deny reports in some newspapers that the president would retire to his own state to escape political pressure and coordinate from there the reshuffling of his cabinet.

Within the government there are many comments about the cabinet changes. One adviser, for example, asserted that Castelo Branco will indeed be named to head the BNDES, with the current education minister, Marco Maciel, being his replacement. The PFL [Liberal Front Party] leader in the Senate, Carlos Chiarelli, did not wish to confirm the change. But neither did he deny it. "Minister Maciel has excellent access to President Sarney and much political competence to fill that position," he remarked.

Already Transportation Minister Affonso Camargo, on leaving an appointment in Planalto Palace, asserted that PDS [Social Democratic Party] members will not be appointed. "To participate in the new cabinet, the criterion must be that of political support, and the PDS, if it wants to benefit, must support the government," he asserted. At the very moment he was making this statement, PDS Senator Luiz Viana Filho (BA [Bahia]) was being received in an unscheduled appointment by President Sarney.

Mentioned for the Foreign Relations Ministry, to replace Olavo Setubal, the Bahia senator attributed his constant presence in Planalto Palace in recent days to "the warm friendship" that he and the president have had for over 20 years. He denied that he is frequenting Planalto Palace as the new foreign minister, although he admits that he cannot see how he could refuse the invitation, should his friend Sarney make it. If this happens, Luiz Viana Filho, who directed Itamaraty [Foreign Affairs Ministry] in the Castello Branco government, may switch from the PDS to the PFL.

In Belem, Agrarian Reform Minister Nelson Ribeiro, who is on everyone's list to be replaced in February, admitted that the president is going to make cabinet changes. But he denied that he is already marked for departure. Ribeiro believes that land reform will continue, with him or without him.

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CNBB OUTLINES DEMANDS FOR CONSTITUENT ASSEMBLY CANDIDATES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Nov 85 p 7

[Text] Brasilia--Establishment of a clear separation between the specific activities of a constituent nature and the activities of regular legislation; establishment of a period for the duration of the National Constituent Assembly, not to exceed 1 year; and inclusion in the future constitution of points required by Christian demands of a political nature. These are the principal commitments that the CNBB [National Conference of Brazilian Bishops] demands of candidates for the Constituent Assembly. These points are contained in the document released in Brasilia yesterday by the 25 bishops that make up the Permanent Council of the CNBB.

According to the entity's Permanent Council, the text approved by the National Congress calling the National Constituent Assembly "does not respond to hopes and expectations, frustrating the aspiration for full democratization of the nation." However, the bishops point out that "the people must not retreat from their intention to participate." The church, through the CNBB, the bishops assert, "will engage in encouraging this participation. For this purpose it will urge groups, Base Communities and all the people of God to establish concrete proposals about points that must be included in the nation's Magna Carta, in defense and support of the dignity of the human person.

"It is indispensable," note the bishops, "that this study produce criteria for the choice of candidates to the Constituent Assembly that, in the exercise of their mission, commit themselves to these fundamental points." The CNBB recalls that the entity previously expressed itself clearly in favor of a Constituent Assembly with the specific mission of preparing a new constitution that would effectively represent the current national will.

"The rejection of the proposal for a plebiscite to decide whether the people would prefer an exclusive constituent assembly or a congressional constituent assembly," the bishops recall, "signified in effect creation of a serious gap between the Congress and the people, denying the fundamental principle of the constitutional order."

The members of the Permanent Council of the CNBB endorse the importance of the great historical opportunity "of this moment." It is thus necessary, they conclude, that this process not be jeopardized by simultaneous elections for executive positions beyond those that are scheduled for choice of state governors.

Topic for Itaici

During the meeting, the bishops also approved the central theme for the 24th Assembly of Bishops, scheduled for April in Itaici, which will be: "Christian Demands for a New Constitutional Order." The theme was chosen unanimously by the bishops that were meeting in Brasilia. They wish to discuss more thoroughly the role of the church in the constituent assembly and, to prepare for the subject, a commission was appointed made up of three members of the Pastoral Episcopal Commission--Dom Antonio Celso Queiroz, Dom Afonso Felipe Gregory and Dom Celso Pinto da Silva, with the assistance of Fathers Fernando Bastos de Avila and Agostinho Castejon.

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CSO: 3342/44

AMARAL SUPPORTS SARNEY'S PLEA FOR TOLERANCE

PY231915 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 85 p 4

[Text] Recife--Admiral Jose Maria Amaral, minister and chief of the Armed Forces General Staff, yesterday in Recife supported President Sarney's warning that tolerance should not be mistaken for weakness. Amaral said; "His words express what we all think about democracy." According to the admiral, Sarney's statement is not a result of any particular political event, and it is not a complaint. "He was talking to the entire civilian society about how he thinks the government should work."

In the opinion of the minister, liberty is the essence of democracy, but it also means responsibility. "Sarney spoke about being tolerant, and we all have to be tolerant when discussing problems," he explained. "Now the country has to move forward and society has to develop; tolerance must exist. The interests and the common good of the nation, however, must be protected. Therefore, authority cannot be dispensed with."

The admiral also said he is pleased with the economic growth of the country, which is expected to reach 7 or 8 percent, and added that this fact "is even being commented on abroad." The minister recalled, however, that Brazilian inflation is higher than 200 percent, and President Sarney's greatest concern is the social pact.

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CSO: 3342/51

ARMY MINISTER COMMENTS ON EXTREMISM, NOVEMBER ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Nov 85 p 6

[Text] Brasilia--"The Brazilian people repudiate every type of radicalism. They reject authoritarian regimes of the Right as well as those of the Left." This evaluation was made yesterday by Army Minister Gen Leonidas Pires Gonçalves during an informal conversation with newsman after the ceremony honoring the Nation's Flag.

The army minister was responding to a question about the possibility of a change in the national picture, in view of the concern expressed by the president's spokesman, Fernando Cesar Mesquita, about the advance of the Right. Emphasizing that he didn't know anything about the subject, not having heard anything about it, and thus was not able to say more about it, the army minister limited himself to characterizing the behavior of the Brazilian as "middle of the road," the reverse of "extremisms." And he asked: "Have you ever imagined the Brazilian people living under any type of authoritarian regime? They love freedom. They love the right to come and go."

About the elections, Gen Leonidas Pires did not wish to add much to the official 25-line note released the day before by his press secretary. "An election is a means, not an end. Now we have to work," he recommended. In regard to the victory of Janio Quadros, in whose military cabinet he served in 1961, the army minister did not wish to comment either. He said simply that everything was already written in his official note, "a general note," according to the minister, containing his viewpoints about the elections of 15 November.

Although on the one hand the ministerial note of the day before yesterday was justified as a way of meeting the requests of the press about the electoral process, on the other hand, according to members of the minister's staff, it was also intended to explain to the public the presence of the army in some states as a way of guaranteeing the elections.

Leonidas emphasized that he was expressing a personal point of view in commenting on the conduct of President Sarney during the elections: "I think he acted as an administrator. He himself said this yesterday. That he did not intervene in anything, that no one's victory came or went as a result of his actions. It was all very democratic."

In his conversation yesterday, Minister Leonides Pires added nothing beyond these comments, emphasizing that his note of Monday had covered everything. In this note, really, in addition to giving his opinion of the electoral process, the army minister reaffirmed the intention to prefer the present wording of the constitution about the role of the armed forces, "of guaranteeing constituted powers, law and order." The expression "constituted powers" dates from the Constitution of 1969 and it was the first time that Minister Leonidas Pires made use of it, as since he has taken office he has preferred to use the wording "constitutional powers," which was in effect until the Constitution of 1967, being reworded in the 1969 Amendment.

Navy Minister Adm Henrique Saboia preferred not to comment on the election results, recalling that the navy minister does not talk about politics. "I voted in Rio. And the vote is secret," was all Henrique Saboia would say.

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CSO: 3342/44

NAVY TO BUY MOTORBOATS, CREATE COAST GUARD

PY250149 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 85 p 2

[Text] Next year, the Brazilian Navy will buy motorboats for the Naval Police and it will begin building ships for the coast guard with resources from the 1 percent oil royalty recently authorized by Congress. This was announced yesterday by Navy Minister Admiral Henrique Saboia in an interview with the Brazilian News Agency [EBN] in Brasilia during which he also revealed that more sophisticated ships will be built in 2 years. These will be 1,100-ton Ocean Patrol boats [Navio de Patrulla Oceanica--NAPAOC], which will carry helicopters.

Now that the plan of building submarines in Brazil with German technology has started, the Navy is also developing plans for a national submarine. It still intends to create its own technology for nuclear propulsion, "an aspiration for the future," Saboia said.

The minister admitted that there has been a "considerable increase" in the 1986 budget and added that "the situation is far better than it was in 1985." However, the budget "is still too small to buy new materiel and furnish ships." The Navy's main objective, according to Saboia, "is the real strengthening of our naval power. Therefore, all our efforts, energies, and most of our available resources and the resources we will receive will be dedicated to this objective." However, the Navy Ministry will not use its resources to create the coast guard. A bill was being discussed in Congress to create a coast guard funded from the Navy's budget. Saboia had the bill withdrawn from consideration because it called for using Navy funds. The bill will now be studied again and sent to Congress when the Navy "finds the resources to create the coast guard without further affecting the budget."

Saboia stressed that the Navy has made progress and that "it is undeniable that nowadays, we have fairly modern ships." He also said that "personnel preparation has also improved." The minister said, however, that it is necessary to compare our progress with "the progress made by other navies of the world, and to feel that we are not lagging behind." Regarding personnel, Saboia praised the participation of women, which constitute the Navy Women's Auxiliary Reserve group [Corpo Auxiliar Femenino da Reserva da Marinha], adding that he believes that "as time passes, this group will become consolidated and contribute further."

The medical-hospital service offered by the Navy in the Amazon region will be maintained at current levels in 1986, with the seven ships from the 4th Naval District. Saboia believes that, by comparison, the Navy nowadays is "far superior" to what it was when he joined it.

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CSO: 3342/51

PT HEAD REJECTS ALLIANCE WITH PDT, WARNS GOVERNMENT

Lula Rejects Alliance

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Nov 85 p 2

[Text] Rio de Janeiro--The national president of the PT [Workers Party], Luis Ignacio "Lula" da Silva, said in Rio yesterday that his party has no intention of making any electoral alliance with Leonel Brizola's PDT [Democratic Workers Party], and criticized the "populism adopted by the governor of Rio de Janeiro, who does not believe in the organization of the people." Lula was speaking to the press, including foreign correspondents in Rio, at the Brazilian Press Association [ABI].

"An agreement with Governor Brizola could go aa far as supporting immediate direct elections. In the last campaign for immediate direct elections, we worked alongside persons from the PDS [Social Democratic Party], the PMDB [Brazilian Democratic Movement Party] and the PDT, and none of us lost our identity," the PT president said.

He asserted that "the so-called New Republic has not yet sponsored any significant change for the worker, and the Right is still in the government, and the president of the republic himself was persona non grata for the nation until the meeting of the Electoral College and worked against direct elections."

The former labor leader reaffirmed that he intends to be a candidate for the Constituent Assembly next year, in opposition to some sectors of the PT, who would like to see him be a candidate for governor of Sao Paulo. He asserted further that the PT will have its own candidate in all states and in the election for president of the republic. About the differences within the party, he said that "the PT has some persons further to the Left, some in the center and some to the Right, but the important thing is that they stay united."

He praised the foreign policy adopted by the previous administration favoring the Third World, mentioning ex-foreign minister Saraiva Guerreiro by name, and characterizing the performance of the current foreign relations minister, Olavo Setubal, as retrogressive.

The PT leader emphasized the "positions of solidarity adopted in the days of Saraiva Guerreiro, such as recognition of Angola after its independence and support for the Sandinist government of Nicaragua," calling for more support for the

Managua government. He said he also regrets that the Brazilian Government is not granting proper status to the Palestine Liberation Organization (PLO).

In his interview, he declared that the PT does not intend to become associated with the Socialist International, or with any other international organization. In speaking about social democracy, Lula stressed that this is the line that Leonel Brizola's PDT intends to adopt, unlike his own party, which advocates socialism, "but without the state bureaucracy of some socialist regimes." For Lula, who advocates control of the means of production by the state, the model that Brizola's PT proposes will have no effect on the position of the employers.

Although the PT does not intend to associate with international organizations, unlike the PDT, which is affiliated with the Socialist International, the Workers Party leader asserted that his party may, nevertheless, have good relations with foreign parties, such as, he said, the Communist Party of Cuba [PCC]. As far as he could see, the Cuban people are satisfied with the government they have, although he pointed out that he had spent very little time in Cuba--only 15 days--to really evaluate the situation in that country.

In answer to another question, Lula asserted that the vast majority of the Brazilian people are not at this moment thinking about the armed struggle.

Very cautiously, he stressed that in the future the armed struggle could become necessary, although he said he did not consider it feasible "as an instrument to overcome the distortions that marginalize," according to him, "a large part of Brazilian workers."

Land Reform Advocated

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Nov 85 p 12

[Text] Brasilia--The president of the Workers Party, Luis Ignacio da Silva, and the president of CONTAG (National Confederation of Farmworkers), Jose Francisco da Silva, charged in Brasilia that the government is being remiss in the matter of agrarian reform, and warned that if concrete measures are not taken "the people might soon begin to take the law into their own hands."

The president of the PT asserted that "violence should not be preached in the countryside, but rather resistance," stressing that "it seems incredible that in Brazil it is still psssible to witness the death of labor leaders, homesteaders and innocent children." The two leaders were participating in launching the campaign against violence in the countryside.

The president of the PMDB, Ulysses Guimaraes, who also attended the campaign launching in Brasilia, asserted that the duty of the state is to do justice: "Our nation constitutes one of the most violently unjust societies on the face of the earth." He promised personally and as president of the party to support the struggle for agrarian reform, after asserting that "the nation has changed and now the State must change." And he added further: "Either the State, the men and the parties change or they will be changed, in a democratic manner or else by rebellion.

"Our struggle in the PMDB," he emphasized, "has been to act in such a way that the State apparatus makes the reforms that are necessary, especially in the countryside." He also pointed out that his party had waged a struggle against a regime that construed as evil certain highly-charged words, such as amnesty, the UNE [National Union of Students] and agrarian reform.

CONTAG president Jose Francisco da Silva advocated changing the Fleury Law, noting that impunity in the countryside has been the most responsible for the climate of violence in rural areas. He asserted that the labor movement demands immediate revision of the National Agrarian Reform Plan, which does not meet the aspirations of rural workers. And he accused the National Congress of having been remiss in handling the agrarian reform question.

In his speech, PT president Luis Ignacio da Silva stressed that "anyone with a minimum IQ knows that only with agrarian reform will it be possible to do away with hunger, prostitution and malnutrition."

8834
CSO: 3342/44

IMPORTS DEEMED SUFFICIENT TO MAKE ECONOMIC GROWTH VIABLE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 85 p 41

[Text] Rio de Janeiro--"There will be no lack of imports to make the 1986 economic growth targets feasible," Roberto Fendt Jr, director of CACEX [Foreign Trade Department], asserted in Rio yesterday upon announcing the terms that will govern import programs next year, distinguished by simplification of CACEX requirements, expeditious handling of applications and greater decision-making autonomy for the body's 117 agencies.

According to Fendt, the lower expenditures for oil imports in 1986, resulting from increased domestic production and falling international prices, will make up for increased imports of food. Foreign purchases of rice, corn, soybean oil and beef will cost the nation about $400 million, half of it being already included in this year's trade balance.

"We are going to democratize the access of business firms to CACEX," Fendt said, referring to the increased decision-making power of the entity's regional agencies, which will authorize 98 percent of the 1986 import programs, reducing participation of the central agency in Rio to 2 percent. This year the central agency in Rio passed upon 10 percent of the imports authorized. Some agencies--such as those of Rio, Sao Paulo and Campinas--will even have autonomy to authorize imports included on a list of products whose importation is not permitted. "Drawback" operations (imports related to exports) will be approved by the regional agencies.

Programs

Among the measures comprising import regulations for 1986 is elimination of the submission of a program for firms whose imports do not exceed $50,000 annually, which includes 40 percent of the importing firms, which will be met without administrative difficulty.

Imports greater than $50,000 and up to $10 million annually will be approved by the regional CACEX agencies, whose autonomy until this year ended at $4.8 million. For imports of machinery and equipment, any agency may approve requests of up to $300,000. For the central Rio and central Sao Paulo agencies, this figure will be $1 million.

According to the CACEX director, the new system for import programs will result in their more rapid approval, as it is flexible enough to deal with any changes.

There will also be permission for requests referring to critical products to receive high-priority treatment in their processing. One of the program's major principles is that all CACEX agencies will make decisions upon the basis of uniform criteria, thus avoiding disagreements among decisions covering the same material.

8834
CSO: 3342/44

BRIEFS

SOUTH AFRICAN ATTACK DENOUNCED--Brazil has condemned the South African attack against Angola, which was carried out from bases established in Namibian territory. The Brazilian Foreign Ministry issued a note today stating that Namibian territory remains occupied irregularly by South African troops. The note also reiterated Brazilian solidarity with the Angolan government and it likewise supports the struggle for the independence of Namibia. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 23 Dec 85] /9365

SALVADOR FLOOD DAMAGE--Salvador, Brazil, 13 Dec (EFE)--Thirteen people have already died and 40,000 are without shelter as a result of the rain that has been falling in Bahia State for the past 15 days, O GLOBO newspaper reported today. According to information provided by the Regional Civil Defense Coordinator (CORDEC), 71 municipalities have been affected, of which 22 have been declared by the Bahia government to be in a "state of emergency." Superintendent of Social Development Leonidas Alves, Jr., said that the rain will continue and it might cause even greater damage in the affected areas of Bahia. According to CORDEC, 1,700 houses have been destroyed and 1,500 damaged in the interior region of Bahia. [Excerpts] [Madrid EFE in Spanish 1119 GMT 13 Dec 85] /9365

WHALING PROHIBITED--President Jose Sarney will sign today a decree forbidding the catching of whales in Brazilian territorial waters for a 5-year period. With this decree, Brazil complies with requests by the International Whale Defense Commission to stop the killing and permit the reproduction of the species inhabiting the oceans of the world. The decree will become effective on 1 January 1986. [Text] [Sao Paulo Radio Bandeirantes Network in Portuguese 0900 GMT 20 Dec 85] /9365

ORE CARRIER-TANKER CHRISTENING--The Brazilian First Lady Marli Sarney tomorrow will christen the world's biggest ore carrier-tanker ship, the "Doce de (?Ardis)" at the Ishibras Shipyard in Rio de Janeiro. The carrier-tanker has been a joint-venture project of the Vale do Rio Doce Navigation and the Norwegian industrialist William Nielsen. The 305,000-ton ship is 332 meters long. It can carry 2,016,981 barrels of oil which is the equivalent of 4 days of production of the Brazilian ports. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 16 Dec 85] /9365

CSO: 3342/51

CHILE

GOVERNMENT TO ALLOW 30 EXILES TO RETURN

PY210141 Paris AFP in Spanish 0021 GMT 21 Dec 85

[Text] Santiago, 20 Dec (AFP)--The Chilean Government today authorized the return of 30 exiles. Among those affected are journalist Oscar Waiss Sand and David Baytelman, former vice president of the Land Reform Corporation during the administration of late leftist president Salvador Allende.

This announcement was made by the Interior Ministry, which released a communique at the La Moneda Presidential Palace.

Baytelman's relatives told the press on 19 December that the military government had not authorized his return. However, the communique confirmed that Baytelman has been allowed to return.

According to the Chilean Human Rights Commission, there are 3,850 Chilean exiles living abroad, most of whom are leftists.

/9365
CSO: 3348/311

CHRISTIAN LEFT SAYS MOBILIZATION ONLY OPTION

PY280014 Santiago Radio Chilena in Spanish 1600 GMT 27 Dec 85

[Text] Christian Left [IC] main leader Luis Maira has said that after the government's rejection of the National Accord, the opposition should now agree on a common program of mobilization. He said that, before the government's refusal, the options were either mobilization or negotiation, now the only possible alternative is mobilization or inaction.

Luis Maira delivered the IC's public declaration which considers as unacceptable the interpretation Cardinal Fresno's advisers made of the National Accord. This interpretation was stated in their letter to the National Unity Movement [MUN] according to Andres Allamand.

The IC says that, in that letter, it is understood that the main purpose of the National Accord is to arrive at an agreement with the government. According to this attitude, Maira said, and considering the government rejection of the National Accord, the document then has no purpose and we do not believe this.

[Begin Maira recording] We are particularly worried about the idea expressed in that document which states that the only objective of the National Accord is to seek an understanding with the government. This is worrisome in view of the latest events; first, the monsignor's advisers were not received by the person they requested, but by a lower-ranking official; and second, the president himself told the cardinal of his definite desire to reject the National Accord, as well as giving orders not to receive the National Accord representatives. This means that, as interpreted through this letter, the National Accord would be meaningless.

However, we believe very differently. We believe that the National Accord has a permanent character and value as long as it maintains its proposal to organize a post-authoritarian political system. I mean a democratic political system that will guarantee the majority of the Chileans that the popular sovereignty principle will be restored, that the state of law will prevail, as well as the other basic rules of any democratic system in the world. [end recording]

Maira said that a long time ago he warned that the regime, given its characteristics, would refuse to negotiate.

[Begin Maira recording] We have said, and so have many other organizations, that the negotiations sought by some Chileans is an evident failure, and many of the Chilean democratic forces have agreed. We cannot try negotiations again, because General Pinochet himself has spoken the last word. He has said so in a formal meeting with Cardinal Fresno who was the one who sponsored the National Accord and who informed us of the president's rejection.

We think that at least we should take note of this situation. We must find an appropriate reply to the great obstacle presented by the president.

When the time comes we will propose a concrete program regarding what must be done in 1986. Now we just want to say something that is more than symbolic: 1986 should be the year of Chile's freedom. Those who really seek democracy should be willing to accept responsibilities and make sacrifices in keeping with this challenge. [end recording]

When asked about the MUN's position of refusing to accept the need for mobilization based on a common program, Luis Maira said that fortunately, in the last few days he observed that the possibility of social mobilization is becoming stronger.

If in the past the possibilities were either mobilization or negotiation, Maira said, now that the National Accord has been rejected, the alternative is mobilization or inaction.

[Begin Maira recording] We want to be consistent when we say that the National Accord should not constitute an official plan of implementation but should give freedom to its different forces. We also said that there was sort of a bet on how to achieve this. This proposal first had two possibilities: either negotiation or mobilization.

I believe that after Pinochet's refusal, the bet no longer is valid. So we have a very dramatic alternative for those who do not wish mobilization: that is either mobilization or inaction. Obviously we will never favor inaction because if we did the agenda prepared by the executive branch would continue. It would mean becoming an accomplice of the democratic inexistence in Chile. Therefore, we will seek in the heart of the National Accord common social mobilization programs for 1986. [end recording]

Luis Maira said that from now on, whoever seeks democracy should start talking and making mutual concessions regarding the methods of struggle so far experienced.

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CSO: 3348/311

CHILE

MDP LETTER SEEKS AGREEMENT WITH AD

PY272123 Santiago Radio Chilena in Spanish 1600 GMT 27 Dec 85

[Text] The Democratic Alliance [AD] has declared that the chief of state's refusal to establish a dialogue with the members of the National Accord for Transition Into Full Democracy is hindering and delaying a negotiation it cannot do without. The AD also announced that it will answer a letter from the Popular Democratic Movement [MDP] next Monday. The MDP letter requests an agreement to recover democracy and establish a political agreement for a future democratic government for transition.

Armando Jaramillo, AD president, made public a document denouncing President Pinochet's refusal to discuss the National Accord. He also thanked Santiago Cardinal Archbishop Juan Francisco Fresno for having inspired this historical consensus.

Jaramillo then spoke about the consequences that will result from Pinochet's refusal to accept the National Accord.

[Begin Jaramillo recording] His rejection of the National Accord will have deep historical significance and consequences which will inevitably fall upon General Pinochet exclusively. His intransigence goes beyond reason, and makes him the main obstacle in attaining democracy.

The AD ratifies its belief that the National Accord is the appropriate instrument for putting an end to the dictatorship and building a fair, free, and stable democracy. Therefore the National Accord will continue supporting, through nonviolent means, any progress in favor of the democratization process. [end recording]

Armando Jaramillo then spoke about the AD's reply to the letter sent by the MDP requesting an agreement to start a social mobilization to put an end to the regime and set the bases for a real transition into democracy. Jaramillo said that the final reply will be delivered next Monday, and he disclosed some of its contents.

[Begin Jaramillo recording] If, as I have said before, the MDP accepts the terms of the letter which mainly invites it to social mobilization in a peaceful manner, and let this be well understood: a peaceful manner, underlined; if they accept these terms, the AD will find no problem in talking with the

MDP in front of the people and the media to discuss joint strategies that will put Chile, I repeat, through peaceful manners, on the road to democracy. [end recording]

Jaramillo ended by saying that the letter to the MDP will be sent on Monday, with suggestions for the response being accepted until that time.

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CSO: 3348/311

CHILE

RICARDO LAGOS COMMENTS ON NATIONAL ACCORD

Santiago COSAS in Spanish 3 Oct 85 pp 28-30

[Interview with Socialist leader Ricardo Lagos by Soledad Miranda; date and place not given]

[Text] He has lost the professorial characteristics which were observed by his interviewers in earlier years. A time when Ricardo Lagos talked mainly about economics, aided and abetted by his vast store of knowledge of this subject.

He is an attorney and has a doctorate in economics from Duke University. He was secretary-general of the University of Chile during the time of the Reform, special ambassador to the United Nations and was in charge of international monetary negotiations in UNCTAD [United Nations Conference on Trade and Development]. After 1973, he worked as a visiting professor at North Carolina University; he was in Buenos Aires for 3 years in charge of another United Nations program and was in the Latin American Regional Employment Program in Santiago in 1978.

Now his field of endeavor is different; therefore, he no longer approaches a subject as a professor but rather as a dialogist; he now resorts less to facts and figures and statistical data but instead frequently mentions details from conversations held in typically political ambiences, including official policy. Although in the international sector, because in our domestic sector he continues to be de facto but not de jure in the opposition.

The men with whom he has dialogues at present--a present that could date back to the establishment of the Democratic Alliance, in which he is a representative of one of the socialist sectors--are Presidents Alfonsin, Sanguinetti and Alan Garcia, to whose inaugural ceremonies he was especially invited. And, more recently, Elliot Abrahams, assistant undersecretary of state for Latin American Affairs in the Reagan administration, during his participation in a seminar in Washington.

"From the outside, Chile is seen to be in a situation which we here do not view in the same light," he said with respect to this most recent trip.

[Question] Better or worse?

[Answer] Worse. In a sense I feel that we are in a seminal civil confrontation in this country, and we do not realize it. Because of my work, I was called upon to do a lot of traveling in Central America in the 1970s and visited countries and noted how polarization and violence were "in crescendo." However, those living there were not aware of the fact. A person coming in from the outside could see that there were not four dead persons but six and that time was not being measured in months but rather in weeks.

What is going on here? Today I opened the newspaper: and I will bet that you do not remember the name of the carabinero who was charged according to EL MERCURIO, with I know not what alleged assault, which was reported at the time. As the result of that alleged assualt, somebody was killed. At this time, there are two carabinero officers who have been charged with the use of unnecessary force.

I know a lady teacher, a modest lady teacher who holds classes in a school which likewise is modest, and her students considered it absolutely normal to say that the day before they had eaten well because they had held up a supermarket.

[Question] What do you think of that?

[Answer] It is dramatic.

[Question] Censurable?

[Answer] I will stick with the definition of Father Pierce Duclos when we talk acts of violence, which he defined as being primary and secondary acts of violence. In the sense that when these young people say: "Last night we ate well; we stopped being hungry; and for the first time we went to bed without being hungry," it is the result of their elders having taken part in an act as violent as holding up a supermarket.

Faced with that situation then, we see the final consequence. I do not deny there are people who want to take advantage of the crisis; however, there is trouble brewing and in the face of that the political class of this country has a responsibility to try to reach a political solution to the problem. And you have seen the result of this response.

[Question] That the political class is equally guilty of the generation of violence as an integral part of mobilization?

[Answer] Those primarily responsible for mobilization are the government and its ministers. When we have 30 percent unemployment, when we have a drop in the production we had in 1982--of course the first mobilizations were in 1983--and when we have an inability to participate in this process because we have had an authoritarian system for 12 years now, every people has to express its discontent, its protest.

[Question] Why did not the mobilization take place in Brazil, for example?

[Answer] Ask me also about Uruguay and Argentina. Do you know why? First, those were military dictatorships in the sense that the Armed Forces participated as such in the authoritarian regime. In Brazil, the presidency changed hands every 4 years, with the president coming from the post of commander in chief of the army. In that way there was a balance of powers. And they had Figueiredo himself, in his time head of the secret services--the equivalent in Chile of the head of the CNI [National Intelligence Center]--who became president of the republic and created an opening.

[Question] Were the Armed Forces prepared to relinquish power?

[Answer] Obviously. On the one hand, there was this readiness; and on the other hand--this is much more important--there was no personal dictatorship. It was not Paraguay.

[Question] Nor was there a threat of communism...

[Answer] I am going to clarify the question for you in a way that to some might seem ingenuous...Those countries did not have Popular Unity as a prior experience, not the black legend woven about Popular Unity. But, most importantly, in those countries there was a national accord of the political class. And that national accord, moreover, was reached without exclusions.

[Question] Because there was no Communist Party...

[Answer] There is a Communist Party.

[Question] Without the power it has here...

[Answer] The power of the parties has to be measured in the elections.

[Question] Only in the elections?

[Answer] The presence of the parties and above and beyond the parties the presence of ideas and ideologies are measured in many things. They are measured in the culture, in the values. In Chile, a culture of the Left has existed; there are values that are characteristic of the Left of this country; and I think that it is a profound mistake to suppose that 12, 15 or 20 years of authoritarianism are going to destroy them. There are National Prizes, Nobel Prizes in art, theater and literature; there is a specific view of the process of change, of the desire for greater social solidarity which are expressed in culture, are expressed in a specific conception of the Social Sciences. Today we socialists have the greatest number of economists in the country. There is an association of socialist economists which numbers more than 200. That, after 12 years.

Adherence to the Text of the Accord

[Question] Is that not precisely the impediment to the transition to democracy? The existence of a culture of the Left and the presence of organizations such as the Communist Party in popular sectors, which are seen in the adoption of certain lines of action.

[Answer] Clearly. That is a good excuse for those who are afraid to face up to society as it is or because they are so antidemocratic and want to model a society to their own liking. The left and socialism exists in Chile and are going to continue to exist. They are like the cordillera of the Andes. Make me a Chile without the Andes cordillera and it will not be Chile. Therefore, it is unrealistic to suppose that what exists is going to change; and the drama of this country today is that some still believe that it can be changed by force.

[Question] What do you think about the comment made by Fernando Leniz' at a meeting of the Association of Newsmen that the National Accord effectively excludes the Communist Party?

[Answer] The wisest thing with regard to the accord is to adhere to what it says. I do not know that it mentions the Communist Party. It mentions, conduct, antidemocratic objectives; and a Constitutional Tribunal is going to determine what they are going to be. I am sticking to the accord.

[Question] Leniz said specifically that in this opinion the accord excludes the communists...

[Answer] That is what he thinks. But, obviously, there are many interpretations of every legal document. I have a completely different opinion: I feel that it affects those who are with the regime because they have not engaged in any democratic procedures. That it, ministers whom they have consigned to oblivion, and ministers whom they have exiled have given clear demonstrations of their antidemocratic actions. But what Ricardo Lagos or Fernando Leniz thinks is of no importance. What is important is that which will be decided by a Constitutional Tribunal.

[Question] How do you evaluate the expectations raised by the accord?

[Answer] Expectations with respect to the accord are real and positive. The problem is that these expectations are not eternal; and, therefore, the accord has to produce results in a specific time frame. Results mean the people of the country see that some of their wishes are being met; and time is fundamental, because if nothing is accomplished in a specific time frame discontent will come. The difficulty is that in order to obtain results it is necessary to maintain a certain kind of mobilization which implies a certain position of power to attain that result.

[Question] In light of the present situation, what accomplishments could be attained in a short time frame?

[Answer] In the accord there is quite an extensive paragraph which refers to immediate measures aimed at the reestablishment of a political scenario, from which the different parties will be able to place themselves before the country. That is the immediate result: the need to have a political scenario.

[Question] Gabriel Valdes said that for the good of the country's interests, political opponents overcome past differences, without abandoning their convictions, and search for democracy. Does that mean the accord, as President Pinochet maintains, is only a tactical alliance to attain power?

[Answer] I do not believe it is a tactical move on the part of those who sign the accord or the rest of the Chilean political class. The political class coexisted in a democratic system for 150 years, with very few interruptions. It was not a tactic to attain power; it was a mechanism by means of which we could in a civilized way resolve the differences that exist in every society.

I think that in every society there are opposing interests; there are antagonistic social classes. That business of the class struggle was not an invention of the Marxist; it is something that exists because there are different interests. The way to resolve those conflicts is through a democratic system which we will find more or less perfected, in accordance with our personal point of view.

[Question] Points of view that are different...

[Answer] My conception of democracy is probably different from that of a liberal. But there are certain common ethical values. Take human rights, for example.

[Question] Respect for human rights is precisely what many miss in the National Accord. There is little specificity on this point while there is a great deal of specificity in defense of private property...

[Answer] I think that people have not read this document carefully. The accord states that there is private property and that there is also public or state property and mixed property and even other forms of property. Does the accord say what the importance of private property is going to be vis-a-vis state property? No. That will have to be determined by society; to this end we need a democratic system in which I have no doubt my liberal friends are going to desire a very small area of state property and, of course, my friends and I on the Left feel that the public sector must have a greater share, which is not the same as state or statism; but that is another story.

That is something which I will have to be decided by a normal and civilized system. Consequently, I am not saying that the accord establishes something specific with regard to private property. It states that private property exists and will be respected. The magnitudes, the area will have to be resolved appropriately.

[Question] And what about human rights?

[Answer] The accord is very emphatic when it states that "we are being guided by the International Conventions Chile has signed." That is very clear. Now then, if from a philosophic standpoint you were to ask me: "Mr Lagos, as a socialist, is your conception of human rights the same as that of a liberal?" I would say to you, no. Because I feel that among the human rights the right to employment is fundamental; the right to housing, health and education... Others feel that this problem should be resolved by the marketplace. Those rights are too important to be left to the vagaries of the marketplace, and I think I can demonstrate that the marketplace is in no position to resolve those problems in an efficient and equitable manner. Therefore, they should be assumed by the state.

[Question] Do you feel that these 12 years have tempered the Right just as they have tempered the socialists as regards its options?

[Answer] I do not believe that these 12 years have tempered the convictions of the socialists. My view of socialism in Chile has not been tempered; it has been fortified after having seen what happened when an effort was made to apply economic liberalism at any cost in the only form in which it can be applied: with an authoritarian system. I have had my socialist convictions fortified.

That said, I will answer your question in the following manner: I feel that there are certain values in Chilean society which have been reassessed as the result of experience; this formal democracy, referred to pejoratively by some, per se has values that are important. But this is not new because in the 19th century there were no ecological movements which concerned themselves with pollution or smog: there was no pollution. It is the same thing. When freedom is lost... it is not because we have been tempered but because we are reassessing.

Democracy and Socialism

[Question] One of the most highly prized values of the socialists is the implantation of socialism. You signed the National Accord which does not even mention it. Is that not tempering?

[Answer] Neither I nor any of those who signed the accord for Chilean socialism have abandoned the proposition of struggling to have socialism in Chile. What is happening is that in order to have socialism in Chile we need a system of at least minimal political and human rights on the basis of which we will be able to implant our socialist view of society. What is being debated today is the reestablishment of a minimal political scenario because of it is my belief that with my ideas I am going to win the majority of the minds in this country, and they are going to permit me to arrive at socialism. But in order for this to happen, I have to exercise political rights.

[Question] Let me see whether I understand what you are saying...Democracy so that there will be elections to elect another socialist government...

[Answer] Of course.

[Question] Here we have come to the same problem as before...

[Answer] What is the problem as before?

[Question[3] Allende in the government with all the existing antagonisms...

[Answer] No, we have to understand this well. The central point is that this is not a tactical ploy to elect a democratic system. I believe in the democratic system; I believe in the alternation of power; I believe in the plurality of parties; I believe in human rights; and I believe in the right of the Chilean Right to expound its points of view.

Now then, if we move into theoretical considerations, with Harold Laski I could say: "The capitalist system necessarily ends up in a dictatorship. Because when through the capitalist system with the natural development of liberal democracy the system sees that this democracy is threatening its existence, it will be prepared to put an end to the liberal democracy, replacing it with an authoritarian system which would maintain the privileges inherent in capitalism." With that criterion, I would have say consequently, I prohibit the propagation of all those doctrines which lean toward capitalism because over the long term they are incompatible with the democratic system.

Obviously that is my truth. And that truth impedes the expression of the truth of another person...therefore, I reject Article VIII of the Constitution...Once when I expresses this argument, it produced great astonishment. Do you imagine me saying that all the businessmen in the Association of Manufacturing Development are exclude from participating in democracy because they advocate a capitalistic system?

In the same way that they feel that everybody who proposes a specific kind of socialism--which basically is nothing more than a call for greater equality and social justice--ought to be excluded, I could excluded all those who think differently. That is a kind of authoritarianism, of dictatorship of ideas, which is inconceivable in the 20th century.

Therefore, when you say: let us get back to the problem as before...No, if I wish I have no difficulty talking about the experience of Popular Unity and what the problems were; however, that is not the subject for today; that is not what is being debated. What I feel is being debated today is how we are to return to a democratic system. And the National Accord has that in its sights.

'Let Us Look Forward'

[Question] How much confidence do you have in your allies of the Right?

[Answer] The Right endorsed by the accord is prepared to accept the fact that the political struggle of ideas in the country has to take place by means of democratic procedures which are set forth in the accord. And, therefore, I have no right to assume any underhandedness. Of course, I have my opinion about what has been the role of that Right in these 12 years; however, I feel that as it was so aptly put by Tencha Allende in a very recent interview: "Let us look forward." This statement having been made by Salvador Allende's widow has more weight than what I have to say.

[Question] It cannot be forgotten that if this regime exists it is because of the antecedent of what Popular Unity was, and the politicians of that government cannot [illegible]im to be free of blame by demanding a return to democracy...

[Answer] To answer that question, I have to propose a more encompassing topic, namely: because of the characteristics of the Chilean political system, in the past 15 years efforts were made to find profoundly comprehensive solutions to Chile's problems. Allessandri's conservative solution was tried; the Revolution in Freedom solution of the Frei regime was tried; and the socialist solution through the Allende regime was tried. Of course, the solution that was more comprehensive than all the previous solutions was the neoliberal or monetarist solution of the current regime.

Consequently, the phenomenon of Popular Unity has to be understood within the framework of these comprehensive views which the politicians of the time attempted to implant.

Which we attempted to implant, if you wish to include me; I have no reason to avoid my responsibilities. A comprehensive view of policy which in my opinion is the very negation of policy. When someone says: "I will not change one iota of my program not even for a million votes."

[Question] Who said that?

[Answer] Frei...I feel that this is the most anti-policy demonstration of a program. Therefore, what the different actors had was an extremelv comprehensive policy system, and each wanted to apply his model, his solution to what at the time was the Chilean crisis. And that precipitated the collapse of democracy.

That means we are not the only ones responsible. At this point we must have collective recognition of the mistakes all of us committed, causing the failure of the Chilean democratic system.

[Question] Popular Unity was not only a vision; there was manipulation of power; there are concrete facts...

[Answer] What concrete facts? An effort was made to prepare a program with full respect for what the legislation was, with a functioning parliament, with absolute freedom of the press; that is, the rules of the game were maintained in full force and vigor. Let us not fall into the trap of a posteriori legend. In other words, the defect in the Popular Unity government was its attempt to carry forward an overall vision of society without having the necessary majority. But that same defect was found in Revolution in Freedom, and in Alessandri's government. It was the Chilean political system that was in crisis.

[Question] Were these not the mistakes of men, of those persons who were the leaders?

[Answer] I have no doubt there were mistakes by all of us who participated. What I cannot accept, because it seems absolutely illogical to me, is the supposition that responsibility for the breakdown of the Chilean democratic system was attributable to the actions of Popular Unity. The collapse of the Chilean democratic system was due to the mistakes all of us committed; and in that regard, in many there is a lack of self-criticism. The Left has engaged in a great deal of self-criticism; but I have not seen this in the others. Of course, I have seen much less self-criticism in those who have participated in the current regime and who are not beginning somewhat to wash their hands of the whole business .

[Question] The military coup took place during Popular Unity, not during the governments of Frei or Alessandri...

[Answer] That is because it was the culmination of a process. Because efforts were being made to produce profound changes in Chilean society and special interests always defend themselves. The coup came as the result of a polarization of society, the product of the changes that were being made.

8143/13068
CSO: 8148/0282

CENTRAL BANK OFFICIAL ON ECONOMY, POLICIES

PA291417 Quito Voz de los Andes in Spanish 1230 GMT 29 Dec 85

[Excerpts] Carlos Julio Emanuel, manager of the Central Bank, has stated that this year the national government accomplished the objectives of its economic policy. This policy, he said, was managed in a coherent, coordinated, adequate, and timely fashion by the Central Bank, the Finance Ministry, and the other state institutions.

[Begin Emanuel recording] As a result of the economic measures that were implemented as of 10 August 1984, the economy improved in the last 4 months of that year. As a result of this, in 1984 GNP grew by 4.1 percent. This is an unconfirmed figure.

According to the initial reports on the GNP for 1985, the growth was to be, as we said in January of this year, 2.5 percent. This was a goal we informed the media and the people about at the beginning of the year. We said that our economy would grow by 2.5 percent. Right now, having more up-to-date figures at hand, we at the Central Bank are in a position to revise the initial estimate and to tell you and the country that we believe that in 1985 the economy grew by 3.2 percent. [end recording]

The Central Bank manager also said that in spite of all the economic measures that the government has had to adopt, it was able to reduce inflation and unemployment, which means that the economic measures that have been adopted have helped the Ecuadoran people.

/6091
CSO: 3348/322

ECUADOR

BRIEFS

SPANISH, BRAZILIAN CREDITS--Acting Energy and Mines Minister Fernando Navarro reported that the Brazilian Government has granted a $70 million credit for the purchase of equipment to be used at the Paute hydroelectric project. It was also announced that Spain has granted Ecuador a $165 million line of credit of which $70 million will be used to finance the construction of phase C of the Paute hydroelectric project and $95 million will be used for telephone equipment. [Text] [Quito Voz de los Andes in Spanish 2330 GMT 9 Dec 85 PA] /6091

STUDENTS SEEK RESTORATION OF NICARAGUA TIES--The Federation of University Students of Ecuador demanded that the government of President Leon Febres Cordero restore diplomatic relations with Nicaragua, and that the money used to pay the foreign debt be used to meet the people's needs. The Ecuadoran university students also demanded an immediate end to repression, the dismantling of paramilitary groups and death squads, the abolishment of the national security law, and respect for human rights. After analyzing the worsening of the economic, political, and social crisis in Ecuador, the Federation of University Students stated that the severing of relations with Nicaragua was a response to an imposition from the U.S. Government, which used the foreign debt to pressure the Ecuadoran Government. [Text] [Havana International Service in Spanish 0000 GMT 10 Dec 85 PA] /6091

FEBRES CORDERO ISSUES LAW ON PRICING--President Leon Febres Cordero has issued a decree containing rules to be followed in the implementation of the Law on Prices and Quality Control, which is under the responsibility of the Ministry of Industries, Commerce, and Integration. According to this law, that ministry will establish ceiling prices on industrial products sold to consumers as determined by the economic front [not further identified] in a list of goods subjected to the setting of prices, and will also establish a reasonable profit margin for products not subjected to price setting. [Excerpt] [Quito Radio Quito in Spanish 2300 GMT 27 Dec 85 PA] /6091

CURRENCY RESTRICTIONS FOR TRAVELERS--Quito, 30 Dec (AFP)--Today the Ecuadoran Central Bank placed into effect a ruling by which Ecuadoran residents who travel abroad can receive a minimum of $900 and a maximum of $1,500, but only once in each calendar year. A ruling by the manager of the Central Bank, Carlos Julio Emanuel, stipulates that travelers to Zone "A," which covers Europe, Canada, the United States, and Japan, can obtain $50 per day, for a maximum of 30 days, which works out to $1,500. Those who travel to Zone "B," which encompasses the rest of the world, can obtain up to $30 per day for a maximum of 30 days, which totals $900. Minors under the age of 12 will have the right to request up to 50 percent of these amounts through their legal representative. In all cases the assignment will be granted only once per year, and will be handed over in the international transit halls of the Mariscal Sucre Airport in this city and the Simon Bolivar Airport in Guayaquil, according to the Emanuel ruling. [Text] [Paris AFP in Spanish 1638 GMT 30 Dec 85 PA] /6091

CSO: 3348/322

DISSENSION IN RULING COALITION ASSESSED, DECRIED

NPP Convention

Port-of-Spain TRINIDAD GUARDIAN in English 10 Dec 85 p 5

[Text] St. George's, Mon., (AP): Grenada's ruling New National Party (NNP), holding its first country-side convention since winning an election victory in December, 1984, shortly after its formation, elected Dr. Francis Alexis as its deputy political leader yesterday.

Dr. Alexis, formerly leader of one of the three parties that merged to form the NNP, won by a narrow margin of 176 votes to 167 over George Brizan, erstwhile leader of another of the merged parties.

Dr. Alexis is Minister of Labour and Brizan Minister of Agriculture and Tourism in the Government headed by Prime Minister Herbert Blaize.

Voting results came as a climax to the week of speculation as to which of the two men would hold the until-now vacant post of deputy political leader.

The incumbent is seen as in line almost automatically to succeed Mr Blaize, who is not expected to lead the party at the next general election.

The convention also elected Dr. Keith Mitchell, Minister of Communication, to be General Secretary of the NNP. The functions, until now, had been handled by an ad hoc organising committee.

Mr. Blaize was confirmed as party leader by acclamation, and the party's Constitution was formally ratified.

Earlier in the day, Mr Blaize had attempted to amend the Constitution to provide for two deputy political leaders instead of one, thereby to accommodate both Dr Alexis and Brizan. But the proposal was not passed.

Before the results of the afternoon voting session were announced, Mr. Blaize made another attempt.

Spillover in House

Port-of-Spain TRINIDAD GUARDIAN in English 12 Dec 85 p 19

[Text] St. George's, Wed., (Cana): Apparent signs of factional bickering within Grenada's ruling three-party Coalition surfaced at the New National Party's first convention last Friday and again yesterday at a sitting of the House of Representatives.

The contentious issue at the convention centred on the election of a Deputy Political Leader, for which Labour Minister Francis Alexis and Agriculture Minister George Brizan had declared their candidacy.

Mr Brizan's National Democratic Party (NDP) and Mr. Alexis's Grenada Democratic Movement (GDM) are in partnership with Prime Minister Herbert Blaize's Grenada National Party (GNP).

Mr. Alexis was eventually elected by a narrow margin of nine votes, after defeat of a move by Mr. Blaize to amend the party's constitution to allow for two deputy leaders in a bid to head off the clash.

Political analysts here had attached much significance to the filling of the post in view of the poor health of Mr. Blaize, the party leader.

The party constitution provides for the election of both the Political Leader and the Deputy at the annual convention.

At yesterday's parliamentary sitting, a question posed by a Government backbencher was interpreted by Educational Minister George McGuire as a possible move to embarrass the Government, in view of what he said were remarks by Opposition Leader Marcel Peters that there were some Government members who can do his job for him.

Mr. Peters is the lone Opposition MP in the 15-member House.

Cuban Materials

The question by St. George South MP, Mr. Phinsley St. Louis, sought to know if the Government had taken an inventory of the building materials and vehicles left behind by the Cubans at the Point Saline international airport. He also wanted to know the value of the inventory.

Replying on behalf of Construction Minister Dr. Keith Mitchell, who was absent, Mr. McGuire noted: "The question has been put by one whom he regard as a colleague.

"In asking a question, there can be two objectives, one to seek information and the other to embarrass. In this honourable House, there should be no imputations and honourable members will never contemplate that second objective."

Mr. McGuire said he had asked Mr. Peters if he had any questions for the Government at the sitting.

"He assured me there were none as there is no need for him to get up and do his job because there are others who can do it for him," he added.

After the sitting, Mr. Blaize told Cana that in the special circumstances of the Grenada Parliament, the questions by Mr. St. Louis were in order. "Especially in a situation where the ruling party is in such tremendous majority, opportunities are given to backbenchers to raise questions which, normally, would come from Opposition people," Mr. Blaize said, adding that they could provide clarity and information for the public.

Attorney General Issue

St Georges THE GRENADIAN VOICE in English 7 Dec 85 p 1

[Text] Lone backbencher, and Deputy Speaker of the House of Representatives, Hon Phinsley St. Louis will put some searching questions to Ministers of Government when the House meets on Tuesday next December 10.

St. Louis will ask the Minister of Legal Affairs:

1. (a) Why is the State without an Attorney General (acting or appointed) as set out in the Grenada Constitution Sect. 70, and how long has this been so?

(b) Does the Government intend to make such an appointment, and if so, why has this appointment not been made before?

(c) Will the Minister please further state whether the person to be appointed will be a public officer or will hold the office of a Minister?

(d) In light of Sect. 59 (2) of the Grenada Constitution, which states that the Attorney General, if a public officer, he shall be an Ex-officio Member of Cabinet, will the Minister please state if he does not consider the fact that an Attorney General has not been appointed and consequently, such an officer if not represented at Cabinet sittings, tantamount to an abrogation to the Grenada Constitution?

He will ask the Minister of Construction

2. (a) Whether an inventory has been done of the building materials and vehicles left on the airport site by the Peoples Revolutionary Government?

(b) If the answer is in the affirmative, will he please reveal the total value arrived at by such inventory, giving a list of the articles found on the site?

(c) If the answer is in the negative, will he please state why such an inventory has not been carried out and what is his Ministry's intention, regarding these very valuable items of building materials which are left lying abandoned and apparently going to waste and for which the people of Grenada must pay?

A third question in three parts in St. Louis' name on the Order Paper deals with Radio and Television. Although the paper doesn't so state, it is expected that the Prime Minister, as Minister of Information will have to answer the question whether government is planning to extend the present broadcasting hours, if so how soon and by how many hours; whether and when the government is planning to reduce the costs of operating the station by allowing the radio to accept private advertisement and when will the transmission of television be available to the Nation.

Generally regarded as a Maverick, St. Louis raises questions that many people would like to know the answers to but he will be stepping out of the accustomed role of a member of the government side of the House which has only one member in opposition.

In this the second session of the third parliament, which was opened by Her Majesty Queen Elizabeth II when she visited on October 31, Prime Minister Herbert Blaize will move a vote of thanks to Her Majesty for her "most gracious speech" and that it be accepted.

Lament Over 'Factionalism'

St Georges THE GRENADIAN VOICE in English 7 Dec 85 p 4

[Editorial]

[Text] The atmosphere surrounding the Convention of the New National Party scheduled for this week end is not a healthy one. The intrigue and the internecine struggle which is being waged by individual factions cannot be a happy augury for the party or for the country and we must ask the honourable ladies and gentlemen who will assemble, to have a care and to realise that the whole country is watching them with keen interest and with almost bated breath.

We do expect differences and problems to develop even in the best regulated families and, properly handled, this can even make for a strengthening of the bond when adjustment, often born of compromise in the interest of the common good, is reached. But a special malady seems to affect people who enter politics. Perhaps the taste of power--and in the even less scrupulous the opportunity for gain--goes to their head.

But the men and women of the NNP must understand that these are special times requiring special men-women of stature, integrity, honesty and a willingness to sacrifice self-aggrandisement for good of country.

As we considered the message we need to convey to the party, and its delegates to the convention, at this time, we have canvassed the views of a good cross-section of people, with some emphasis on the young, and it surprised us not at all to discover how many of them are disillusioned and concerned.

One young man--a former member of the Peoples Revolutionary Army, who liked the 'revolution' for some of its benefits, but disliked the lack of freedom--summed up the situation so beautifully that we nearly invited him to write a guest editorial on the subject. Among the many interesting things he said is that the government needs a breathing space and that there are "too many hands at its throat." Even more interestingly, is the fact that the hands he referred to are those of members of government and the party itself who are engaged in factional struggle when they should be working in tandem for the benefit of the country and the people. He talked of night-time visits of men canvassing for support and he talked of the disappointment of many young people that several old peoples--even retired ones--are being recycled while they hanker for jobs. He talked of many things in describing what he is pleaded with and what he is not pleased with, but most of all, in echoing several others, he talked of his concern that the convention should be a success in uniting and strengthening the party so that the government will not be hindered in doing the job it ought to be doing.

The Prime Minister called for peace when he met with his Parliamentarians on Tuesday and it is believed that one of his plans for circumventing the struggle for the Deputy Leadership may be the naming of two or three deputies. A useful device maybe. But does it solve any problems? What is to be hoped is that the convention will indeed rise a united, single party, as our young friend feels it should, and put an end to factionalism for the good of the country.

/9274
CSO: 3298/224

MINISTER CITES 'ILLEGAL ACTIVITIES' AT POINT SALINES AIRPORT

St Georges THE GRENADIAN VOICE in English 7 Dec 85 p 16

[Text] Dr. Keith Mitchell, Minister of Civil Aviation, addressed the Management and staff of the Point Salines International Airport last Friday November 29. The Minister was delighted with the good spirit that existed among the staff.

In the course of his remarks he lauded the efforts of the Management and workers for their dedicated service in their efforts to make the airport one of which all Grenadians can be justly proud. He noted, however, his concern over unconfirmed reports in connection with "illegal" activities at the Airport and hoped that investigations now underway would reveal that these allegations were unfounded. He said that "if, however, they proved to be true, drastic action would be taken against any culprits."

The Minister urged the workers to continue their efforts to improve not only the image of the Airport but of the nation as a whole. With hard work he felt assured that improvements would continue to be made at the Airport bringing it in line with those of other developed nations.

Assurances were given to the workers that everything was being done by his Ministry to ensure the best possible condition for workers at the Airport.

Among those in attendance at the meeting were Mr. Rawle Charles, Chairman of the Grenada Airports Authority and personnel from the Ministry of Civil Aviation.

/9274
CSO: 3298/224

ECONOMIC COUNCIL HELPS LOCAL PRIVATE ENTERPRISE

FL181955 Bridgetown CANA in English 1916 GMT 18 Nov 85

[Text] St Georges, 18 Nov (CANA)--Grenada's newly established National Economic Council is trying to put mechanisms in place to help local residents start their own business, according to Prime Minister Herbert Blaize.

We are going to set up an indepth sub-committee whereby people, who have difficulties because of lack of proper back-up resources, and who wish to enter into business and other private enterprises, could find a means whereby they could be supported to help themselves, he said.

Blaize, chairman of the government-appointed committee, made the disclosure in a weekend radio address. The job of the committee is to devise strategies for putting the national economy on a sound footing. It comprises representatives of the public and private sector and the Trade Union Movement.

Calling the move a positive step, Blaize said that by the time the programme was formulated, there would be a sound strategy in place for the economic development of Grenada.

Blaize, who was leaving here today for the annual Miami Conference on Trade and Investment in the Caribbean, also spoke about a report presented by a group of experts on the 1974 Independence Constitution.

He said the government had circulated copies of its various ministries, and hoped to shortly put others on sale for the public.

The commissioners have recommended a return by Grenada to the Eastern Caribbean Supreme Court, to which it belonged until shortly after a 1979 leftist coup, the creation of a public service ministry, and the reintroduction of local government.

Blaize said, too, that a report by a team of British consultants on the public service was being studied by the various ministries, and we hope to have this already put together in time for reflection in the next budget, whenever it is presented.

/9274
CSO: 3298/224

GUATEMALA

ECONOMY VICE-MINISTER EXPLAINS NEW TARIFF AGREEMENT

Guatemala City PRENSA LIBRE in Spanish 6 Oct 85 p 24

[Article by Alvaro Galvez Mis]

[Text] The new agreement on the Central American Tariff and Customs System will soon come into effect, because in addition to having been approved by the governments of the region, it marks the definitive beginning of the restructuring of the Central American Common Market (MERCOMUN), said Mr. Cesar Alcides Soto Rodas, vice-minister for Economic Integration.

Soto Rodas has been working for several years on the economic aspects of integration. He has taken part in drawing up the mechanisms which make up the new tariff agreement, which was to have gone into effect on the first of October, but remained in abeyance when it was not endorsed by the legislatures of El Salvador and Costa Rica.

Mr Soto declared that the importance of this new tariff agreement was demonstrated when the countries recognized the need to overhaul the present tariff system, which is obsolete in many ways.

"It should also be recalled that up to now the industrial development of the country took place based on a system of tariff classifications, which among other purposes had the aim of granting tax exemptions for businesses.

That system, called the Central American Agreement on Tax Incentives for Industrial Development, has lasted for more than 25 years, and the governments have recognized that these mechanisms have not succeeded in producing high rates of efficiency into the country, especially for competing in international markets.

Thus a more modern system was chosen, a more rational and realistic one; and this relates to tariff protection, which operates through the establishment of customs duties, which are greater or smaller depending on what is being protected; that is, on what is produced in the area.

In accordance with the basic agreement of the new Tariff and Customs System, the new regulations should have gone into effect on the first of October. Our country complied with all the formalities, with all the conditions, so as to put that new system into effect.

I would like to be emphatic about this, because our country had already sent the appropriate documents to the national Press to be printed. One day before the system was to go into operation, we received official communications from Costa Rica and El Salvador to the effect that these countries were facing serious difficulties of a legal nature.

The national assemblies of these countries had to resolve certain legislative procedures before they could approve the document to go into effect on 1 October.

These procedures will cause a delay of a month, more or less. In El Salvador it is anticipated that they will be able to approve the documents before 15 October, but in the case of Costa Rica it could take a little longer.

The immediate effect of this is that it is not being applied as was established in the prevailing international agreement. As a logical result the tariff agreement which was in effect up to 30 September is continuing to be applied.

That is the situation as regards the tariff system; but since the new system had invalidated the Agreement on Tax Incentives for Industrial Development, then a new legal situation has arisen which needs to be resolved.

Which system will be applied to protect established industry? On the one hand there is no tariff protection, and on the other the tax incentives had been cancelled.

The countries have chosen the formula of postponing the incentives in question until such time as the new tariff agreement comes into effect. Our country has done this through a decree which was issued last week: that is, the incentives system which was in force up to 30 September will remain in force until the new system is adopted.

Benefits of the System

The incentives system possesses a number of tax benefits. Perhaps the most important one deals with the exemption from import taxes on raw materials, machinery and equipment which companies buy outside the area for use in their production.

Others are income tax deductions, preferential legal treatment, and guaranteed access to Central American free trade.

The new system totally eliminates the system of tax incentives, so that when it goes into effect the exemptions system will no longer exist--at least for the manufacturing industry which has access to the MERCOMUN.

There are always some industries of national concern, typically those involving exports, which are not affected by the new system, because they continue to follow their own legal system.

As for the majority of the industries which were classified under the tax incentive agreement, they all lose the benefit of exemption; but although this protection is taken away from them, it is replaced by the tariff protection which the new tariff agreement entails.

The new regulations provide for fixing a high import tax on goods which are produced in the region, so as to prevent foreign competition; but on the other hand, a very low import tax is placed on goods that are not produced here, especially on raw materials for the essential or strategic items which the countries need.

In the first case, for example, there is the protection of a 100 percent tax on the importation of readymade clothing. However, the tax is barely 5 percent on the importation of the basic raw material to produce the fiber.

The new tariff benefits businesses in the area because it is of a strictly pro-development nature. It promotes industrial development, but coordinates tariff protection with tax impact: that is, the new tariff anticipates the necessity on the part of countries for adequate tax receipts. In addition, the new protection also is reasonable, in the sense that it takes into account the interests of the consumer.

As of now there are no studies which measure the exact tax impact of the tariff; however it is predicted that it will collect at least the same amount of tax revenue as is now being collected."

Mr Soto Rodas thinks it is feasible that the new tariff will be put into effect soon, because it means the definitive start of the restructuring of the MERCOMUN. All the countries are interested in it, he said, and all the private interests have stated their support for the system.

What now remains to be overcome are the legal difficulties which have been confronted. In addition to this, it would be advisable to take advantage of the time which will elapse between now and the possible date when it comes into effect to finalize the series of documents which supplement the tariff and which still have not been approved--such as the uniform customs code for the area, the regulations regarding the flexibility of the system, the safeguard clauses, etc.

The tariff agreement will take exemptions away from all the businesses which sign the respective agreement, whether national or based on foreign capital.

8131/12947
CSO: 3248/63

BRIEFS

CHIXOY UNDAMAGED BY QUAKE--Guatemala, 14 October. The most costly electrical generation and distribution system in the country, which it is hoped will be a lifesaver for the electricity crisis which Guatemala is experiencing--the Chixoy hydroelectric plant--is undamaged after the strong earthquake which shook the region where it is located. The Chixoy hydroelectric plant, which takes its name from the river of the same name, lies 50 kilometers to the east of the location of the quake, which devastated the town of San Miguel Uspantan and had its epicenter in the very same area. However, shortly after the earthquake occurred--which was classified as "strong" by experts, and as a major quake by the capital's journalistic media--a meticulous inspection was carried out all through the hydroelectric plant, and it was established that there had been no damage. Later, personnel of the National Institute of Electrification (INDE) used this past weekend to verify "in situ" that there had been no damage of any kind. Another body which clearly established that there are no signs of damage is the Institute of Seismology, Vulcanology, Meteorology and Hydrology (INSIVUMEH), whose personnel also looked over the installations of the hydroelectric plant. On this topic, engineer Estuardo Valasquez, its director, explained this noon that everything is in order in Chixoy, and that the quake, even though its epicenter was only 50 km from the hydroelectric installations, did not cause any damage. "It is natural for doubts and fears to arise in these cases," he added, "but after the final tests it was established that everything is in order in the big hydroelectric complex." Finally Valasquez announced that there is no evidence that the earthquake has caused the slightest damage in the area, and there is no need to fear for the future of those installations. [By Ricardo Gatica Trejo] [Text] [Guatemala City EL GRAFICO in Spanish 15 Oct 85 p 3] 8131/12947

REFUGEES IN MEXICO--(Tapachula, Chiapas, Mexico) Yesterday the former president of Guatemala, Dr Julio Cesar Mendez Montenegro--now our ambassador in Mexico--said that the influx of Guatemalans who were arriving in this country in the capacity of refugees has been checked by 100 percent. The ex-president made this statement to PRENSA LIBRE shortly after the conclusion of the meeting between the Chief of State, General Mejia Victores and the Mexican president, Miguel de la Madrid. He said that according to reports furnished by Mexican institutions the number of refugees totals more than 40,000 persons, who will be able to return to Guatemala any time they wish, since the government is furnishing them every kind of cooperation so that they will be able to settle down and take part in the nation's development. "General Mejia, Dr Mendez emphasized," is working out a policy which loosens restrictions, with the sole purpose of promoting democratization. Talks being held with the United Nations High Commission for Refugees (ACNUR) and with the International Red Cross, so that our fellow countrymen who are still here may return voluntarily to their native towns or to the so-called development centers, where numerous peasant families who once suffered because of the conditions of violence have already been resettled. Dr Mendez acknowledged that many refugees are being removed from the frontier with Guatemala as had been agreed. The former president denied that the Guatemalans had come to Mexico because of alleged persecutions by armed men in the service of the authorities. "The violence has affected everyone," he emphasized, "and many times that is what obliges the peasants to emigrate. Now they are being given the cooperation they need so that they can return to Guatemala." [By Alvaro Galvez Mis] [Text] [Guatemala City PRENSA LIBRE in Spanish 19 Oct 85 p 7] 8131/12947

NEW UNION FEDERATION--Yesterday a number of the country's union leaders meeting in a national assembly, agreed to set up the (FENAT) National Federation of Workers, with the purpose of seeking just, democratic and adequate solutions for their mutual benefit, in view of the difficult conditions which Guatemalans are experiencing. The emergency meeting took place in the morning in the auditorium of the Guatemalan Institute for Studies and Social Training. (IGEFOS), where the union leaders analyzed and discussed the economic and social problems which the workers and people in general are facing. Among those present were: representatives from the unions or PRENSA LIBRE workers, from the Kern factory's annexes and connections, of workers in airline services and connections, from the Palo Gordo mill, of peasants from the La Esperanza estate, National Autonomous Union of Peasants, National Committee of Postal Employees, United Newsvendors of Guatemala, etc. Among some of the topics taken up during the meeting was how to keep a close guard over their interests, and at the same time preserve and strengthen the workers' movement. Also discussed were the problems which are being experienced daily in the loss of the real buying power of wages in view of the unrestrained rise in prices of basic articles. Finally, after analyzing the situation, we agreed to set up the National Federation of Workers (FENAT), composed of the union organizations there present. They issued a call to the whole working class of the nation and democratic sectors to join that movement. [Text] [Guatemala City PRENSA LIBRE in Spanish 6 Oct 85 p 4] 8131/12947

CSO: 3248/63

GUYANA

HOYTE CHARACTERIZES THRUST OF NEW ADMINISTRATION

Port-of-Spain EXPRESS in English 17 Dec 85 p 59

[An incomplete version of this item appeared on page T1 of the Latin America DAILY REPORT, FBIS-LAM-85-242, of 17 December 1985]

[Text]

GEORGETOWN, Monday, (CANA) — Guyana's President, Desmond Hoyte, has listed rehabilitation of business plants, machinery and equipment among his government's priorities.

Addressing a victory rally in Georgetown last night, the London-trained lawyer said the need to upgrade infrastructure was very urgent and vital.

"Guyana is poised for a great movement forward," he told the rally, which was also to celebrate the 21st anniversary of the PNC in government.

He also told a crowd estimated at between 12,000 and 15,000 that the immediate task of the government was to put the country "on a strong institutional basis".

Hoyte, who took over last August when President Forbes Burnham died and led the People's National Congress (PNC) to a landslide victory in the December 9 general election, underscored the need for beefing up Guyana's troubled economy.

He linked economic progress to discipline, warning state-paid workers that there was no room for "arrogance, being discourteous, and showing other ugly tendencies in place of service to the people".

On the government's plans, he said: "The immediate task of the government is to put the country on a strong institutional basis, ensuring that we put in place or strengthen as needs be our systems, our procedures and our rules.

"We must ensure that there are clear lines of authority," he added, "and proper accountability, so that as we proced with the various tasks of nation-building, we proceed within a framework of due regularity."

President Hoyte warned that slackness would not be tolerated in the government system.

"We will not have casual behaviour. We will not have irregularity," he told the gathering.

Hoyte said that progress could be made only if Guyanese are prepared to be "disciplined and methodical in their approach to work and to the task of development", adding that public sector workers need to understand they have a duty of punctual attentiveness to their work and prompt, courteous and efficient service.

/9274
CSO: 3298/225

TEN CHURCHMEN CRITICIZE KIRTON'S ELECTION COMMENTS

FL190020 Bridgetown CANA in English 1851 GMT 19 Nov 85

[See also Latin America DAILY REPORT FBIS-LAM-85-227 of 25 November 1985 p T 2]

[Text] Georgetown, 19 Nov (CANA)--Ten concerned churchmen have criticized the general secretary of the Caribbean Conference of Churches (CCC) for comments he made on the forthcoming Guyana general elections.

In an election message published in the CATHOLIC STANDARD, the Reverend Allan Kirton saluted the strong faith and positive leadership of the (Guyana) churches and commended them on their objectivity even under stress.

Kirton said that while recognizing the token (electoral) reforms of President Hoyte, he saw the elections as a chance to redeem the Guyana Government in the eyes of the world as regards to the very negative image of its record in the area of free and fair elections.

The 10 churchmen, speaking in their personal capacities protested the officiousness of Kirton and prayed that he and other men of his kind...mind their own business. They are ministers and lay members of the Anglican Congregational Episcopal Church, African Methodist (AME Zion), the Guyana Missionary Baptist, the Ethiopian Orthodox, and the Congregational Union Church.

Last year, when a group of concerned churchmen surfaced to protest developments within the Guyana Council of Churches (GCC), its members were linked with the governing People's National Congress (PNC).

The message from Kirton, which was directed to GCC members, added: Pray that (1) The election commission may be restored to its full constitutional role in the preparation for and conduct of the poll, (2) The ballot boxes be kept in view of opposition party scrutineers from the beginning of the poll until the end of the count; and (3) The army should not intervene in the electoral process.

The messages also looked ahead and hoped that a new government would give priority to redressing backward economic trends and to improving social services in Guyana.

A statement from the 10 members said: As members of the GCC, we wish to say that there certainly are churches which are members of the GCC, but which are unaware of their being under any stress, and cannot therefore welcome solidarity and support proffered on that mischievous basis.

On the contrary, as Guyanese citizens, we are pained by what in reality is nothing but presumptious interference in the internal affairs of our country.

The absurdly condescending haughtiness of Kirton's language does not make the ugliness of his act any less offensive.

The churchmen said that elections in Guyana are no concern of Kirton or his organization. These are matters for the Guyanese people the statement said. It said Kirton is misinformed and is being used to peddle adverse propaganda against Guyana.

/9274
CSO: 3298/225

DETAILS OF UPCOMING SOVIET TRADE MISSION'S VISIT CITED

Port-of-Spain TRINIDAD GUARDIAN in English 17 Dec 85 p 5

[Text]

MOSCOW, Mon., (AP):

A SOVIET trade delegation will visit Guyana in January, for talks on long-term delivery of bauxite to the Soviet Union and other matters, Tass announced today. Guyana, on the northern coast of South America, is rich in bauxite, which is used in making aluminum.

The Tass announcement was made in a story reviewing 15 years of diplomatic relations between the two countries. In 1978, Guyana Prime Minister Forbes Burnham visited Moscow.

"In the past 15 years, the two countries have created a broad treaty and legal basis for a further development of relations," Tass said. It said each country had granted the other most-favoured-nation trading status.

In addition, Tass said, the countries had signed a protocol providing for Soviet shipments of machinery and equipment, and contracts had been concluded for the delivery of Soviet tractors, a passenger 'plane and an unspecified number of MI-8 attack helicopters.

BARTER BASIS

"Guyana will pay for them with bauxite. In other words, on a barter basis, which is especially important for that country, which is experiencing acute shortage of foreign currency," Tass said.

"The coming visit to Guyana in January, 1986, of a Soviet Government trade and economic delegation will promote a further expansion to conclude a long-term agreement for 1986-1993 on the deliveries of bauxite to the USSR."

Tass did not say who would lead the delegation.

/9274
CSO: 3298/225

GUYANA

BRIEFS

SUGAR PRODUCTION PROBLEMS--Georgetown, 19 Nov (CANA)--Industrial action stemming from a number of grievances continues ot hamper sugar production in the second crop, which is running below target. According to union officials, workers are unhappy about lowered rates for cutting canes--a move instituted by the state-owned rates for cutting canes--a move instituted by the state-owned Guyana Sugar Corporation (Guysuco) to reduce operating costs. Weeding gangs--responsible for clearing the cane plants of weeds and grass--have also been off the job. At one estate, 100 workers went on strike at the weekend to protest the dismissal of three workers after the disappearance of a microscope from the estate's laboratory. A spokesman for the Guyana Agricultural Workers Union (GAWU) said the union felt the police should have been called in to investigate the matter, instead of estate management dismissing the workers. GAWU is seeking the immediate reinstatement of the three men and a proper investigation into the alleged theft. Production during the first week of November amounted to 6,170 tons, 77 percent below target, Guysuco said. [Text] [Bridgetown CANA in English 1931 GMT 19 Nov 85 FL] /9274

MCDAVID IN ZAMBIA--Georgetown, 9 Nov (CANA)--Elvin McDavid, adviser to late President Forbes Burnham, has been appointed acting high commissioner to Zambia, it has been officially announced. The Foreign Ministry said the high commissioner to Zambia for the past three years, Kenneth Short, was being recalled. It gave no reason for the diplomatic change. McDavid is a former information minister. Meanwhile, President Desmond Hoyte has appointed Halim Majeed as chief political adviser in the president's office. [Text] [Bridgetown CANA in English 2016 GMT 9 Nov 85 FL] /9274

CSO: 3298/225

REPLACEMENT OF COMMANDER MARTINEZ AVILA SAID DUE 19 DEC

PA162236 Tegucigalpa Radio America in Spanish 2052 GMT 16 Dec 85

[Text] Honduras usually rotates officers in the top posts this time of the year. However, Radio America has been told by a reliable military source that Colonel Roberto Martinez Avila will be replaced on Thursday as commander of the Public Security Force [FUSEP], which is the police unit within the Armed Forces, by Colonel Diego Landa Celano, who is currently working in the administrative staff of the Honduran Army.

The replacement of Col Roberto Martinez Avila has surprised military and political circles as well as other circles in the country since Col Martinez Avila was one of the main participants in the ousting of General Gustavo Alvarez Martinez. A personal friend of the incumbent president of the Republic, Col Roberto Martinez Avila has been considered one of the strongmen of the current military structure. Col Roberto Martinez Avila might be appointed to another post within the military institution.

However, the reliable source that gave us the report assured us that Col Martinez Avila will be dismissed from the Honduran Army, something which Radio America has not been able to confirm. However, we can state that he will be replaced as FUSEP commander, and that he has already been given a document on his replacement and has been notified that Col Diego Landa Celano will take over on Thursday.

This is a last minute report by Radio America.

/9604
CSO: 3248/122

NICARAGUA

PSD SECRETARY GENERAL ON FOREIGN DEBT

Managua LA PRENSA in Spanish 8 Sep 85 p 8

[Text] The foreign debt problem must be analyzed realistically. The creditors are just as guilty as the debtors. The creditors for granting the loans in an irresponsible manner and the debtors for requesting the loans without planning. It is therefore a problem of mutual responsibility, according to the secretary general of the PSD [Social Democratic Party], Dr Luis Rivas Leiva.

Addressing the problem within the Central American context, as we should, we actually have three foreign debts: one with the FMI [International Monetary Fund], one agreed upon bilaterally with other countries, and one with the countries of the Central American area.

Therefore, Dr Rivas Leiva said, measures to resolve this serious problem should be directed at these three creditor groups. This explains why almost none of the countries accepted the demagogic position taken by Fidel Castro, of not paying the debt.

The impossibility of paying our debt under the assumed commitments is compounded by the crisis in the world market in which we trade, by the economic crisis of the most-developed Latin American countries, and by the crisis of each of the Central American countries.

If we go back to 1973 and 1978, Dr Rivas Leiva said, we can see that the oil price adjustment contributed, to a large extent, to the aggravation of the problem which, in addition, was unexpected and therefore not considered in projections.

As a result, in 1978, international banking had a great amount of money available for loans and we fell into the temptation of obtaining quick and easy loans.

The per capita debt in Central America is impressive: Guatemala, for example, has $200, Costa Rica has $1,600, and Nicaragua's debt is not even known because we do not have the exact figures of its debt with the socialist countries.

A reporter for DIARIO DE LOS NICARAGUENSES asked Dr Rivas Leiva what, in his opinion, would be the solution.

The Social Democrat politician replied: "Well, it would be wrong to state categorically that non-payment is the solution. It would be a brazen action attesting to an incredible political ignorance by a political leader. Not to pay would be tantamount to never again obtaining a loan from anyone. In other words, it would mean ceasing operations and it is obvious that we need new money."

Perhaps the solution can be found, Dr Rivas Leiva said, in the South American proposal for a trusteeship to which we would be indebted. to which we would make payments, and with which we would agree to new payment rules, inasmuch as the IMF adjustments are unpopular and acceptance of its adjustments would be ruinous.

We must work out schedules and measures, adjustments that make payment possible with the least social and economic impact. Another possibility, Rivas Leiva added, would be the creation of a new branch of the IMF and the World Bank, with new rules, with selective loans, and with realistic arrangements.

12674/12795
CSO: 3248/28

STUDENT MOBILIZATION ORGANIZED FOR COFFEE HARVEST

Managua BARRICADA in Spanish 26 Sep 85 p 8

[Text] More than 18,000 secondary and university students will be mobilized this year throughout the country and assigned to Student Production Battallions (BEP) to make sure that the 1985-86 coffee harvest is accomplished, according to Martina Porta, media representative of the Sandinist Youth.

The Federation of Secondary Students (FES) will organize 15,450 of the 18,000 BEP members, while the UNEN [National Union of Nicaraguan Students] will again mobilize the 23 July Heroic Youth Contingent, to be manned this year by 2,500 university students.

Martina said that "university and secondary students will be assigned to the northern area, while first-year students will harvest coffee in the 'El Crucero' area."

Alma Nubia Baltodano, national president of the FES, said that "this student mobilization for production responds to the needs of the country and it is accepted as a rearguard action in defense of the homeland, which will not affect the academic program, unless an emergency situation should come up beforehand."

She added that the BEP will be organized in three stages beginning this month and through November, followed by the mobilization and harvesting stages.

She pointed out that a proposal on the distribution of battalion members will be presented in the next few days to the MIDINRA [Ministry of Agricultural and Livestock Development and Agrarian Reform], in which 5,000 would be mobilized for Region VI, 4,000 for El Crucero Area, 4,500 for cotton harvesting and 2,650 for the coffee area in Carazo and Mombacho in Region IV.

She said that just as last year, the UNEN will guarantee the mobilization of more than 50 medical students to care for the harvesters. She added that "the manpower shortage is an objective necessity and as students we must respond to it."

Traditional Manpower Needs

Julio Munoz Peralta, in charge of the coffee section of the ATC [Association of Agricultural Workers], said that traditional manpower needs on the national level call for 30,000 workers, which break down into 5,000 for Region I, 2,500 for Region III, 3,619 for Region IV, 750 for Region V, and 19,000 for Region VI.

He said that in addition to these needs, 14,000 regular workers are employed in pre-harvesting activities.

He said that this year the ATC has the goal of improving human and material resources as well as productivity. He pointed out that "last year average productivity was 4.6 cans and we are proposing 5 cans for this year."

Munoz said that "participation has dropped because special wages for the harvest season have not been established, as had been done previously." He added that "the ATC has proposed that wages should correspond to the importance of the crop and the efforts made by the workers.

He said that just as higher coffee prices are recognized, so must higher wages be considered. He said that Ministry of Labor analyses often do not conform to the socioeconomic realities of the countryside. For example, he said that last year's projections called for 17.50 cordobas but 25 and as much as 30 cordobas were paid.

He said that after consulting with field workers, the ATC proposed that the aforesaid ministry set a wage of 60 cordobas a can during the harvesting and 70 cordobas a can for depulping or bean sorting [repela o graniteo].

He said that "this year's goal is to make 85 percent of the production of exportable quality," and he added that other problems that must be addressed concern the supply of products, price control, camp sanitation, and a guarantee of a nutritional diet, in accord with availabilities in the area and MICOIN [Ministry of Domestic Trade].

12674/12795
CSO: 3248/28

FOREIGN MINISTER ADDRESSES OAS MEETING

PY051732 Asuncion HOY in Spanish 5 Dec 85 p 12

[Text] Paraguayan Foreign Minister Carlos A. Saldivar at length referred to the Paraguayan position regarding the study and eventual modification of the OAS Charter and to the Paraguayan situation when he addressed the 14th OAS special session in Cartagena de Indias.

At the beginning of his speech he said: "My country is aware that in this changing world, where events are continuously happening, there are greater collective efforts that are capable of solving the problems that are affecting this region through dynamic mechanisms. Although it is true that our current OAS Charter and its basic instruments are effective in their commitments, they can nonetheless be improved and updated."

He added: "Thus, through certain modifications we would be able to give our organization greater political importance to focus regional talks and agreements to obtain a smoother exchange in specially political and economic fields. In this manner there will be greater opportunities to carry out collective negotiations with the more developed countries to try to cover trade barriers and to allow us, through producing in our own countries, to develop large unexploited zones of our continent."

Saldivar said that "the OAS is the only organization capable of fulfilling the aspirations of our peoples. Perfecting it should consequently be the goal toward which all the political organizations of the OAS member countries should aim in keeping with the principles established by our charter."

He also said that "ratifying its traditional position," Paraguay has always been characterized by a clear and firm foreign policy inspired by the essential interamerican principles.

"We believe in human dignity, and we reject any form of totalitarism or ideology that denies the exercise of the fundamental rights of man. In my country all the citizens exercise their rights as long as they respect our constitution and laws. The fundamental objective of our government led by General of the Army Alfredo Stroessner is to maintain peace. In this atmosphere of peace, plans to greatly improve the well-being of the Paraguayans are being carried out," the minister said.

Saldivar stated that "the Paraguayan Government respects human rights. There are no concentration camps in Paraguay, or special courts, or any place for banishments apart from those established by the law for common criminals. We can say with legitimate satisfaction that we have no political prisoners and the rights and guarantees offered by our constitution, which was approved at a convention with the participation of our four legal political parties, are safeguarded by a government that has managed to consolidate democracy through peace and progress and respect for the guiding institutions."

Finally he said: "My country has always expressed its strong rejection of terrorism whenever this subject has been discussed in any international forum where it has a voice."

/6091
CSO: 3348/324

POLITICAL OPENING SEEN IN MULTIPARTY GROUP

PY281751 Paris AFP in Spanish 0250 GMT 28 Dec 85

[Text] Asuncion, 27 Dec (AFP)--In 1986, leaders of the ruling Colorado Party and of the opposition Liberal and Radical Liberal Parties--the only ones represented in Congress--will announce the forming of a multiparty group as a first step toward democratic normalization in Paraguay. This was revealed today by sources from these parties. The sources explained that in the future, the multiparty group will admit parties now excluded from the political process because they are proscribed by General Alfredo Stroessner's government.

The three parties that make up the majority and minority benches in Congress--Colorados, Liberals, and Radical Liberals--would thus respond to the general uneasiness among the various trends of opinion in the country, which have asked the Catholic Church to mediate for the initiation of a dialogue for national reconciliation, the sources said.

The leaders of the four illegal parties that form the so-called National Accord have expressed pessimism about the success of the contacts the Catholic Church has promised to make with the government but they have said that the fact that Colorado Party Vice President Ruben Stanley has said he favors the project is promising.

Stanley told newsmen this week that his party will raise no objections to joining a national dialogue with all social and political sectors, as preferred by the church, but he made it clear that the ruling party will not accept revanchism, malice, or hatred.

According to the opposition, the first step of forming a multiparty group among the three parties represented in Congress would be the basis for a softening of the rigid structure maintained by the regime for 31 years. Dialogue with the opposition may serve to close the ranks of the traditionalist sector of the Colorado Party, which dominates the leadership of the party. Its unity is threatened daily by division among its leaders as a result of the polarization of forces between the traditionalists and the so-called militants, according to political commentators.

Ruben Stanley clearly stated that the confrontation with the opposition will serve to measure the strength of the Colorado Party, which can then take measures to allow the party to continue at the forefront of political activity.

By participating in and demanding from the ruling party the admission of the outlawed opposition, the opposition in Congress--the collaborators, according to the National Accord leaders--may gain the forgiveness of the outlawed opposition and the possibility of again being elected in case of open, democratic, and unrestricted elections.

For the opposition grouped in the National Accord--the Febrerista Revolutionary Party, the Christian Democratic Party, the Authentic Radical Liberal Party, and the Colorado Popular Movement--entry into the multiparty group and the dialogue with the ruling party will mean that they will be on the political stage for the first time in decades, if they are really able to act freely in active politics.

/6091
CSO: 3348/325

PARAGUAY

COLORADO PARTY CLARIFIES POLITICAL OPENING

PY281955 Asuncion LA TARDE in Spanish 28 Dec 85 p 15

[Text] Pedro Hugo Pena has told this newspaper that the Colorado Party is not willing to talk with the political parties which have not been legally recognized. Pena who is the Colorado Party political secretary pointed out that the talks can only be held with the recognized parties and that contacts and the exchange of ideas are already taking place in Congress.

Pena made this statement in reference to the recent comments by Ruben Stanley, the vice president of the Colorado Party, who expressed his party's predisposition to talk with the various civic organizations of the country "to think about the real problems affecting the country."

Stanley had said to LA TARDE that in order to hold a dialogue it is necessary not only to have good planning, but also to put aside hate and feuds. He also pointed out the possibility of a rapprochement among political parties in view of the civic maturity and cultural progress of the people which make conditions favorable.

Pedro Hugo Pena categorically denied that the idea of political dialogue is linked with the initiative sponsored by the National Accord to promote talks through the Catholic Church. He said: "The church is involved in other matters and is abstaining from this issue."

/6091
CSO: 3348/325

CHURCH PRAISES LEGAL ACTION AGAINST CORRUPTION

PY081909 Asuncion EL DIARIO in Spanish 7 Dec 85 p 17

[Excerpts] Under the title of "Catastrophes and Catastrophes" the press office of the Asuncion Archbishopric released a document regarding corruption cases. "Fortunately"--it states--"honest judges are hearing the cases resulting from these catastrophes." The text of the document follows:

1. The reports and descriptions of the catastrophes that recently hit Mexico, Colombia, and Argentina as well as others in different parts of the world, have made a deep impression throughout the world. Uncontrollable, blind forces of nature have caused death, panic, and extensive property damage. No one is responsible for these calamities and damages.

Similar catastrophes occurred in Paraguay: Robberies, frauds, smuggling, drug trafficking, etc., which have greatly harmed the state and the people. However, people are responsible for these calamities. They are those who, having the advantage of holding important administrative positions, have abused the trust placed in them. They have deceitfully and treacherously acted with premeditation, disguised as honorable citizens...

2. Through the media, we follow daily the spectacles presented by the madness of corruption. We witnessed similar spectacles in the recent past, without ever being able to see their final outcome as if the curtain fell before the conclusion of a theatrical performance... One calamity comes after the other. Where will the next one come from? How long will this continue?

The Paraguayan Episcopal Conference made an urgent call in June 1979 and said: "The growing frequency with which criminal actions follow one another and the way those responsible for them remain unpunished, the growing permissive and resigned attitude of the public, should alarm everyone, especially those Christians who wish to be the moral conscience of society."

This was announced 6 years ago, in 1979, when there were evident signs of corruption. Nothing was done, because nothing could be done or because no one wanted to do anything.

3. Fortunately, honest and honorable judges are now examining these calamities to identify the criminals and punish them in accordance with the law.

Concerning the punishment, the people have usually demanded "exemplary" action, to serve as a lesson for the future. To do this, it is necessary to bring everyone involved before the courts: from the hidden boss or godfather to the agent who committed the crime. It is necessary to corner all the accomplices. It would be very deplorable if only the "useful idiots" were punished, although no one seems to be an idiot.

The punishment should also include imprisonment, removal from office, the return of the total amount that was stolen--let us call a spade a spade--and compensation for the material and moral damages inflicted on the state and the people. All property owned by those who are guilty must be returned to the state, to the people, if no reasonable justification can be found for the ownership of that property.

God supports the judges who strive for good and justice (Math. 5-10) and the people will always support and respect them. They must be incorruptible, independent, courageous, and they must have great faith in God.

/6091
CSO: 3348/324

PARAGUAY

BRIEFS

SOCIOECONOMIC PLANNING OFFICE SECRETARY--The executive branch has appointed Dr Fulvio Jose Monges Ocampos executive secretary of the Technical Secretariat of Social and Economic Planning of the presidency. He will replace Dr Federico Mandelburger, who is now serving on the Central Bank executive board. [Summary] [Asuncion HOY in Spanish 16 Nov 85 p 8 PY] /6091

POLICE BAN METAL WORKERS ASSEMBLY--The ordinary assembly for the Union of Metal Workers and Related Trades (SINOMA) could not be held last Friday as planned because of a police ban. The assembly was scheduled for 2000 at the Domingo Savio parish in Fernando de la Mora but it was banned by uniformed policemen who followed orders from civilian agents. The union officials were told that "on order from the top," the assembly could not be held because a permit had not been secured. Because of the problems encountered, the SINOMA Executive Committee released a communique, which in part said that "SINOMA denounces that once more the rights of the workers have been trampled in violation of clear legal provisions in the National Constitution and international conventions ratified by our country, provisions that guarantee freedom of association and assembly for the workers. The actions we denounce contradict the guarantee workers must have to fully exercise their rights, just as they contradict the request from the Labor Directorate that our assembly be held in December." [Excerpt] [Asuncion LA TARDE in Spanish 23 Dec 85 p 23 PY] /6091

EXILE'S ATTEMPT TO RETURN HOME FAILS--Buenos Aires, 26 Dec (TELAM)--The Paraguayan Authentic Radical Liberal Party committee in exile headquartered in this capital today reported that its first vice president, Domingo Laino attempted to return to his country on 23 and 24 December through the Clorinda-Puerto Falcon checkpoint and was turned back by authorities. The political group that opposes General Alfredo Stroessner's regime issued a communique stating that, hoping to spend a Christmas with his family and for a democratic Paraguay, Laino attempted for the fourth and fifth times to return to his homeland but was harshly turned back on orders from above. [sentence as received] The communique, which is signed by Cesar Benitez and Silvio Velazquez, president and secretary of the committee respectively, denounced the violation of human rights and constitutional provisions by which General Alfredo Stroessner's dictatorship once again proved that it is a totalitarian regime. [Text] [Buenos Aires TELAM in Spanish 2112 GMT 26 Dec 85 PY] /6091

NEW MILR LEADERS--Disregarding police prohibition, the Liberal Radical Integration Movement [MILR] held its convention, scheduled for 24 November, in a private house. After listening to different opinions, the participants of the convention reelected Blas Manuel Mangabeira as head of the movement. Other members for a 6-month period are: Castulo Franco, Francisco Servian Ovelar, Colonel Alcibiades Irrazabal, Luis Alberto Kallsen, Carlos Doldan Riego, Julio Cesar Franco, Juan Gonzalez, Blas Victor Aquino, Diogenes Narvaez, Omar Soca, Manuel Mosqueira, Percio Franco, Francisco Rivarola, Palermo Canete, Reinaldo Ovidio Ferreira, Alcibiades Krause, and Rogelio Roman. Regarding political guidelines, the MILR stressed its struggle for the unity of the Liberal Party and a better planned action for the achievement of the objective. [Summary] [Asuncion ULTIMA HORA in Spanish 23 Not 85 p 10 PY] /6091

MENDEZ FLEITAS DIES--News reports coming from Buenos Aires state that Epifanio Mendez Fleitas, former member of the Paraguayan Colorado Party in Exile, has died at 66 after a long illness. Mendez Fleitas was a member of the National Republican Association in Exile, an organization created after his expulsion from the country toward the end of the 1950's. It has been revealed that Osvaldo Chavez, another Paraguayan political leader in exile, will remain leader of this organization. Mendez Fleitas held important posts within the Colorado Party before his expulsion, including the presidency of the Central Bank and also head of the Asuncion Police. [Summary] [Asuncion HOY in Spanish 23 Nov 85 p 11 PY] /6091

CSO: 3348/324

5 GIVE OPINIONS ON EFFECTS OF LOWERED INFLATION RATES

Lima CARETAS in Spanish 11 Nov 85 pp 68-69

[Text] After climbing to a monthly average of 11 percent, inflation dropped to 3.5 percent in September and 3 percent in the month of October. Has inflation truly been beaten? Is the success real and permanent? CARETAS consulted five prominent experts: Roberto Danino (attorney), Javier Iguiniz (economist), Raul Salazar (banker), Roberto Abusada (economist) and Carlos Amat y Leon (professor). The following are their opinions.

Javier Iguiniz

Head of the Plan of Government of the United Left, he believes that inflation has not been beaten. On the contrary, it has beaten the original price control policy, Oricostos. This was in contrast with the orthodox position that inflation is the product of "excessive demand."

Despite the corporate profit margin, protected by the first and second reduction in interest rates, the pressure which business has placed on the government has been strong with respect to price control, requesting relaxation of the price freeze.

This forced the government to adopt an ambiguous policy that should be defined once and for all: Either one has a total freeze policy with inflation equal to 0 or one opts for a policy of inflation indexing, the categorical Iguiniz states.

"With regard to the fiscal deficit, I believe there is no close relationship between it and inflation. In other words, it is thought that the fiscal deficit is often responsible for inflation. It so happens that it is the opposite. The greater the deficit, the lower inflation.

"In short, I believe that there is urgent need for a definition: either a freeze or indexing. We must intensify the fight against inflation by maintaining low prices for the most common consumer items and maintaining subsidies so as not to harm the producer if his profit margin is not great (as in the farm sector). These subsidies would be financed through foreign capital, profits of the enterprises and the wealthiest sectors of the country."

Raul Salazar

Former president of the FAR [Andean Reserve Fund], Salazar maintains that, statistically speaking, it is a noteworthy achievement on the part of the government to have reduced inflation to current levels.

But inflation is basically an economic problem and what has been done so far is only to take administrative measures helping to break down negative inflationary expectations but not solving the problem.

According to Salazar, what is happening is that the government is spending too much on goods and services. In order to finance that fiscal deficit, foreign credit is resorted to, direct taxes are increased or resources are taken away from enterprises and families by transferring them to the government. That is what is happening with inflation, for which reason it is called "tax inflation" in some countries. What the Aprista [American Popular Revolutionary Alliance] government has done with price controls is, on the one hand, to reduce inflation, but on the other hand, it has been transferred to business by increasing costs (higher price of gasoline, electricity, water, consumable expenditures, and so on), while at the same time freezing prices.

What should be done, according to Salazar, is first of all to reduce the government's fiscal deficit (which this year might go as high as 12 percent of the GNP).

It should be recalled that the Argentine economic program is basically orthodox -- with a few "adornments" -- with respect to monetary restrictions. According to them, the fiscal deficit should be equal to 0, primary emission equal to 0, and so on. Now that the international credit markets have become difficult for our country, one might think of the FAR.

But the FAR grants "contingent" credits and in our case, Peru has reached the maximum with the $100 million we just received.

Then if foreign credits dry up, there will only be two paths for the future: increasing inflation by direct taxes, in order to finance the deficit, or reducing the fiscal deficit.

Roberto Abusada

The former deputy minister of economy believes that arithmetically and theoretically, there is no reason why inflation is not now close to 0 percent. A large share of the inflation we were experiencing was determined by the variation in the rate of exchange, now frozen, and the rise in prices directly controlled by the state.

Consequently, if the government does not devaluate and does not raise the prices it controls directly, two-thirds of the inflation would be checked. The other third is very difficult to control since it is made up of goods such as perishable food, services or products making intensive use of labor (such as the category of food outside the home). Consequently, exercising control over these products is almost impossible.

Nevertheless, Abusada says, wages are not actually frozen. In addition, in the past month, the prices that went up the most were those directly decided by the government: chicken, meat, eggs and fish, which on the whole make up 10 percent of the overall consumer price index. The government "decided" that the latter would go up 7 percent in October.

Abusada believes that the freeze has yielded positive results, however. The mere fact of seeing inflation drop from 10 to 3 percent (for whatever reason) represents a direct attack on the phenomenon of inflationary expectations. But how can this freeze be continued without harming production or causing shortages? How can one maintain the rate of exchange with inflation under the international level without seriously harming exporters?

In his opinion, there is no other alternative than to continue heavy control of public spending. This caused inflation and only the elimination of the fiscal deficit could end it.

Whatever the case, there is still the matter of reviving the economy without greatly draining our reserves. It is therefore crucial to promote exports that would generate more foreign exchange than what we consume, which is difficult in Peru.

Per capita imports are down 25 percent compared with their level of 25 years ago. Furthermore, opportunities of obtaining foreign savings are, in the best of cases, uncertain. The picture is without a doubt most difficult and Abusada predicts that lowering the rate of inflation to under 2.5 percent will be very difficult in the months ahead. His prediction for November is 3.5 percent.

Carlos Amat y Leon

Director of the Research Center of the University of the Pacific and a member of the Socialism and Participation Group, he says that by not paying the foreign debt, the public sector avoids spending 36 percent of the budget. Consequently, there is no pressure on the system to obtain money through taxes or printing more and the money no longer has to be used to obtain dollars and pay the service on the debt.

The freezing of the rate of exchange, the price of gasoline, the moderate increase and subsequent freeze in remuneration, and the reduction in the interest rate make the reduction in the rate of inflation credible and tenable.

For how long? As long as the debt is not paid, low levels of inflation can be maintained. There should be a decentralized and flexible system in the administration of regulated and frozen prices in order to resolve conflicts with certain products whose prices have to go up. Unnecessary breaks in supplies and shortages will then be avoided that might otherwise be a cause of inflation by the development of the black market.

In addition, there must be strict handling of public finance and new investment for emergency areas as well as for microregions and marginal urban zones, meaning the base of Alan's pyramid.

For Amat, we have fortunately been declared to have reduced value. This in turn deteriorates the model of development and the way of life to which we had become accustomed and will force us to be very selective and very efficient in solving our basic problems with our own efforts and resources.

On the other hand, workers will have to be aware that many companies will have to be reorganized because they use a great deal of money to produce goods that are not indispensable. Consequently, they will have to be used in other types of activities.

Finally, Amat is confident that the government will generate the necessary mechanisms of transformation and ensure the stabilization of employment, but not necessarily in the same type of work. The growing planning is therefore a political mandate, an economic requirement and a social need for offering our country a successful way out.

Roberto Danino

The former secretary general of the Ministry of Economy and Finance maintains that to claim to beat inflation solely by means of price controls is like trying to cure a sick man by putting a giant ice pack on him. The ice would probably bring the patient's fever down, but it would not cure him. Furthermore, the fever will only be relieved as long as the ice remains unmelted or provided that the disease causing the fever does not kill the patient.

Something similar happens with -nflation and the price freeze. The economy is sick and its most acute symptom is inflation. Price controls -- including the one on the dollar -- could temporarily check inflationary expectations, but not the basic causes of inflation. Controls are not enough to beat inflation. Rather, it is necessary to attack the main cause of inflation, which is the level of spending of the central government as well as of public enterprises.

According to Danino, the current controls -- like the ice on the patient -- have temporarily relieved the symptoms of the disease. This in itself is very important because it now makes it possible to do the surgery required by the patient: extirpating unnecessary fiscal spending and drastically reducing the public business sector, controlling monetary emission and facilitating revival of the private sector. To fail to do so would only alleviate the effects of the disease so that sooner or later, the system of controls or the productive apparatus or both collapse.

The time has come to take advantage of the drop in the fever and do the surgery that the patient -- the Peruvian economy -- urgently needs. A large part of the required surgery could be defined in the public budget for 1986 and in its financing law, now being discussed in Congress. For Danino, on them depends the results of the economic program of the Aprista government.

11,464
CSO: 3348/220

PRIME MINISTER PUBLISHES BOOK: 'THE FUTURE BEGINS TODAY'

Lima EQUIS X in Spanish 11 Nov 85 p 24

[Article by Jose Benavente]

[Text] The presentation of the most recent book by Luis Alva Castro, prime minister and minister of economy, at the brand-new auditorium of the Bank of the Nation at 8:00 on Wednesday, 6 November, was a veritable political event.

It was a political event, observers say, due to the size and distinction of the audience, as well as the contents of the work presented.

Actually, the large auditorium was too small for the number of spectators, including ministers, representatives of the government, Armed Forces, police and the most diverse national institutions, as well as the most significant sectors of the community. Members of the diplomatic corps accredited in the country were also present.

Response to Certain Criticisms

With respect to the contents of the book, entitled "The Future Begins Today" [El Futuro Comienza Hoy], they constitute a response to certain critics of the current regime who recently noted that the Aprista [American Popular Revoltionary Alliance] government would resort to generalities, lacking a program with concrete objectives.

"The Future Begins Today" is actually an improved version of the report made by Prime Minister Alva Castro to Congress on the policy being applied and scheduled to be applied by the Aprista government under the ideological orientation and political leadership of the president of the republic and national leader, Alan Garcia, to whom Peru undoubtedly owes this great transformation underway.

During the ceremony at which the book was presented -- a ceremony also marking the official opening of the Macedonio de la Torre Auditorium of the Bank of the Nation -- those speaking were the president of that banking institution, Adan Seminario, and its manager of public relations, Eduardo Gonzales Viana.

The book, in its final form, has 148 pages and 12 chapters. First of all, it establishes the 10 basic objectives of the Aprista government for the 1985-

1990 period: 1) overcoming the precarious living conditions of the poorer classes; 2) changing the country's production structure; 3) modifying the situation of neglect and abandonment of the interior of the country and marginal urban areas; 4) turning the government into an agent promoting efficient and well-planned national development; 5) consolidating the democracy, based on political and ideological pluralism and on a diversity of forms of business organization; 6) solidifying the national sovereignty and defense and developing an independent, nationalist and nonaligned foreign policy; 7) moralizing the country; 8) asserting the national identity and its own cultural forms; 9) restoring the principle of authority; and 10) restoring personal safety and public tranquillity.

Guidelines and Action

An attempt will be made to achieve these objectives through the following political guidelines: transformation of the model of development inherited; making the international balance compatible with growth; changing relative prices of goods whose production is to be stimulated; rationalization of public investment and spending; a united fight against inflation; reorganization of the productive structure; priority given to rural and agricultural development; promoting technological pluralism; basing national development on domestic savings; not neglecting the cultural dimensions of development; promoting Latin American cooperation and integration; carrying out specific action of moralization; and the construction of a fair and efficient decentralized state.

Based on the objectives and guidelines mentioned, the book contains the emergency measures being applied at the present time in order to halt inflation and revive the economy, emergency measures that should not be confused with the development plan itself.

This plan is specifically described sector by sector, with respect to each of which the diagnosis, objectives and action to be taken are indicated. This could not be achieved on the whole, Alva Castro says, without the participation and assumption of responsibilities by the people organized.

The book ends with these words: "We have stood up and will now walk. The starting point is not important, nor are the sacrifices made, nor are the obstacles to be overcome. We shall overcome them because we have faith in our people and because our people have faith in us."

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CSO: 3348/220

PERU

FORMER GR OFFICER ON POLICE CORRUPTION, REORGANIZATION

Lima EQUIS X in Spanish 11 Nov 85 pp 14-15

[Interview with retired Republican Guard (GR) Col Juan Pablo Terrazas; date and place not given]

[Text] In the following exclusive interview, Republican Guard Col Juan Pablo Terrazas, recently retired because of the reorganization of the police forces, admitted that there are cases of corruption in the GR, but that those individuals have not been retired and that their leader, the current chief director, GR Gen Julio Nino Rios, should have been sent home.

"Yes, Gen Julio Nino Rios, chief director of the Republican Guard, had previous knowledge of the relationship of retired officers and that he should have immediately resigned in solidarity with his command. Since he has not yet done so, as a friend, I am telling him that it is now time to leave his post."

With this phrase, uttered emphatically and denoting his feeling of impotence and rage, Col Juan Pablo Terrazas Medrano, called the "greenest" of the GR, draws the curtain open a bit for our EQUIS X readers and describes the process of the reorganization of the police forces.

At the time of -- in his words -- abrupt retirement, via Supreme Resolution No 0068-85-IN/DM, Terrazas was a member of the advisory committee for Minister of Interior Abel Salinas. That post came to him when Gen Oscar Brush commanded the ministry on Avenida Corpac and, years previously, he carried out delicate tasks entrusted to him by the different ministers.

"First of all, I am not familiar with the provision effecting my retirement. That reorganizing committee is a real mystery because not even I, who was an adviser to the minister of interior, came to know its members."

[Question] How did you receive the news of your "defenestration" or, to use a diplomatic phrase, your retirement?

[Answer] On 30 October, like any other day, I left for work. I was to continue the evaluation of promotional exams and that day I was "greener" than ever. When I ordered my captains to line up in a disciplined manner and was displeased exceedingly to hear the comments they made on the news of the preceding night. That night, I had not listened to or watched the news.

I knew, however, that the reorganization would reach the GR at any time, but I never thought about myself. I thought about my colleagues, some individual who had gotten his hands dirty or another one with serious problems, so many others now under close scrutiny because of acts of corruption. I never thought about myself. As I was telling you, I was with my captains that day, giving them instructions and advice about how to remain calm in those times of tension (reorganization), but I swear, it is now I who have lost my head.

[Question] Were any of those you were worried about included on the list of the 23?

[Answer] It is not a matter of giving names; some were included.

[Question] Most of those who had to leave?

[Answer] It is not a question of getting rid of them; we have to rectify situations. I know that more should have left, but what can we do? The reorganizing committee has already acted. As far as I am concerned, the only explanation given is that I am very old. I would like to show them.

[Question] How long have you been in?

[Answer] For 35 years.

[Question] And your age?

[Answer] I am 55.

[Question] Physically speaking, is that still quite a good age to continue as a colonel?

[Answer] Good Lord, you can see me. I challenge you to run a thousand meters, climb a hill, perform any drill.

[Question] I did not come to compete with you, Colonel, but to interview you.

[Answer] Very well.

[Question] Let us continue. Do you not think that when 23 high officials left, the chief director should have headed the list?

[Answer] First of all, let me tell you something: When the GR was shaken by the reorganization, a group of generals recommended that I speak very discreetly with the chief director about the possibility of a resignation of the GR command. The reasons I gave at that time were that the institution should never be the victim of political maneuvering. I am now convinced that there has been political maneuvering, that the GR has been messed with, criticized. I am telling you this because with respect to most of those retired, the only "crime" is that of being old and that is how they viewed me. As far as your question is concerned, I believe that the list should have been headed by the highest chief because he is the person mainly responsible for the corruption.

[Question] What was Nino Rios' answer to the proposal?

[Answer] He told me that as long as the GR was not touched, we had nothing to worry about. I accepted his answer because I thought that he gave it after long reflection. Nino is my friend and a friend of yours. Naturally, out of respect for his rank, I maintained a proper distance and he always treated me with that warmth that comes from comradeship. But now I see that if he was consulted about the matter, he did not say "No!" This guy here (referring to himself) and others with an impeccable service record, such as generals Oscar Takey, Miguel Velasco, Carlos Rios (director of intelligence), "Charapita" Vasquez Vasquez (director of welfare), Col Segura Davila and others have, should continue in the institution.

[Question] Do you think that General Nino was consulted or not?

[Answer] I believe he was; he knew very well what was going on. In my case, perhaps he thought that because of my inflexibility, discipline and sometimes bad temper, I should not be allowed to continue. He probably believed that I am disloyal and that is a lie. In my students, the captains and majors, I have always inculcated the principle that the most appreciated value in an officer is loyalty.

[Question] And yet, the loyalty you recommend and practice does not seem to be applied to you by your superiors.

[Answer] Apparently not. In this case, as a matter of principle, General Nino should have, should now resign. Because I value him as a friend and person, I am telling him that he should resign as an act of solidarity. Everyone is talking about him.

[Question] Now that you are out, will you take some legal action to protect your good reputation?

[Answer] Yes, I will do it through the association of officers retired by the reorganization that has just been formed. My honor is indeed worth a great deal to me. My conscience is clean; no one can throw anything in my face. I have never stolen anything, nor am I a coward.

[Question] Since you have been in a delicate position in the Ministry of Interior, what can you tell us about the announced annexation of the GR by the army?

[Answer] It seems to be a fact, but I cannot guarantee it.

The Republican Guard may be integrated into the navy, air force, army or, in the final analysis, the firefighters, and it will still be the Republican Guard. But first the matter has to be studied. I tell my students: We have to demonstrate ability in order to climb later, because being promoted for the sake of promotion is to be doomed to failure, although we have undoubtedly failed in some cases.

[Question] As the GR representative to the advisory committee of the minister of interior, what else can you tell us?

[Answer] Many things. Before I retired, along with other officers I worked very hard, even at night, on a proposal to regulate trips abroad by members of the police forces. It was to be signed on the day of my retirement, but it could not be done and that job stayed there. I will only tell you one thing: Trips have been carefully set up so that no one can engage in tourism at the government's expense.

Another proposal nearly completed has to do with the Rural Patrols, which will be presented to Congress. It points out the danger of giving free rein to the patrols, which should not even be called that. Another piece of work that cost me a great deal of effort has to do with the new structure of the police forces, meaning the creation of the National Police force, which existed at one time, but which was deactivated 20 days after it was set up because of prejudice, selfishness and so many other things.

[Question] Do you think that your studies will be used?

[Answer] I hope so, but there are still many honest persons in the police forces.

[Question] In conclusion, Colonel, do you think that the argument that you are "old" was used in your retirement?

[Answer] Apparently so, unless they found out that I am a leftist.

[Question] A leftist?

[Answer] Naturally.

[Question] Now that you are a civilian, if there were elections tomorrow, whom would you vote for?

[Answer] Alfonso Barrantes, of course. He is a very good man.

11,464
CSO: 3348/220

COMMISSION STUDIES AMAZON BASIN ECONOMIC, SOCIAL DEVELOPMENT

Lima EL DIARIO DE MARKA In Spanish 17 Oct 85 p 7

[Article: by Esteban Ocampo R.]

[Text] The Senate has appointed a special commission to study and propose economic and social policies relating to the development of Peru's Amazon area. We hope that this decision, the adoption of which has taken more than 50 days after APRA [American Popular Revolutionary Alliance] took power, is not merely intended to fulfill a constitutional formality.

To those of us who are seriously concerned about the eastern region of Peru this is rather comforting, after observing with impatience that the APRA government has been oblivious to this strategic geographical and socioeconomic area of our country. Just as we welcome the priority, even though it be merely declaratory, that is being given to the Andean area--basically Cuzco and Puno--we cannot avoid raising our voice in energetic protest against the official silence regarding economic policy which would give a dynamic thrust to the overall development of Amazonia. Or does the APRA Party lack an economic and social development plan on the national level which views analytically the formulation of measures to be taken on the regional level and in this specific case concerning the Amazon jungle?

It is one thing to give priority to a socioeconomic area and quite a different thing to relegate, forget, put off a region that has great strategic value on the economic, socio-political and national sovereignty level.

The Senate commission we are referring to does not contain among its members any senator of the United Left who is a native to that region. This was caused by political irrationality. In fact the top United Left leader and coordinator vetoed from inclusion in the list of senatorial candidates the person who obtained the determined support of the rank and file in San Martin and Loreto, and who really had a chance to win. In reality, Frejolito made a gift of one more senate seat to APRA.

Who are the Members?

This senate commission is presided by Dr Raul Acosta Rengifo, senator for San Martin for the APRA Party. Another member is the experienced parliamentarian Dr Jose Ferreyra Garcia, also of APRA. Also a member is the outstanding leader and President of the Peruvian Peasant Confederation, comrade and senator Andres Luna Vargas. Thanks to his invitation I attended the first working meeting in my capacity as adviser to the CCP [Peasants Confederation of Peru] and President of the Peruvian Institute of Amazonian Studies. Also attending was Senator Sandro Mariategui, the present Secretary General of that party in eclipse, Popular Action.

A Good Initiative

The commission had the good sense to invite Engineer Carlos Alzamora Jimeno, chief of the National Office of Natural Resources (ONERN), to present a scientific report on ONERN's activities with regard to the evaluation of natural resources, with special emphasis on Peruvian Amazonia. As supporting material for his instructive and coherent exposition, Alzamora provided maps prepared with the most modern photographic technique from satellite pictures.

With the clarity and objectivity to be expected of a scientific researcher he exposed many myths about the "unlimited" riches of the Amazon basin. He drew attention to the great danger of breaking the ecological equilibrium through irrational exploitation of the renewable and non-renewable resources of the High Jungle and the Low Jungle. In replying to a question, he placed on the agenda the need to become aware of the serious contradiction between present scientific knowledge, which invites us to the rational management of the region, and the irrationality of capitalist exploitation, legitimized by the rules of laissez-faire economics, that is leading to the devastation of the natural resources, without regard to the already imminent danger of creating a desert through the violent rupture of the balance of the ecosystem.

As we well know, the Amazon region covers 60 percent of our national territory. Of this total, the Lowland Jungle occupies 55 million hectares. The foothills and the High Jungle cover 75 million hectares between them. Which means that altogether this vast geographic, economic and sociopolitical area covers 130 million hectares. Of this total, due to lack of financial resources, ONERN has made a rigorously analytical study of only 26 million hectares. Its research work follows a methodology oriented towards obtaining overall knowledge by studying the interrelationships between natural resources and ecology, without ignoring an analysis of the socio-economic dimension.

Engineer Carlos Alzamora said that since 1970 ONERN has been setting standards for the conservation and rational utilization of natural resources. But, as we said before, scientific rationality enters into conflict with the voracity of national enterprises and of the great imperialist corporations. We hope that the thirst for profits of the capitalist enterprises will be overcome by the rational interests of humanity.

12856/9190
CSO: 3348/109

PRICE CONTROLS SAID CREATING DROP IN PRODUCTION

Lima CARETAS in Spanish 14 Oct 85 pp 26-27

[Text] The minister of agriculture has announced that the price of milk will go up next January. He said this is due to the need to reduce subsidies on powdered milk and to set new prices for producers of fresh milk. He said that Peruvian cows produce very little, about 24 liters a day compared to more than 50 liters elsewhere. Apart from the exaggerated figures given by the minister, the fact is that price control in this and other cases is becoming a time bomb.

The representatives of the stores (Galax, Todos, Sears, Monterrey, Oeschle and distributors on the national level) have told the Department of Domestic Commerce that price controls are the cause of a drastic reduction in stocks in normal trade outlets and shifting sales to the underground economy at higher prices. This includes the appearance of vendors who sell from trucks without providing bills.

In the past week the situation was aggravated by the "exemption" of the 11 percent general sales tax for certain products, since the decree exempted only one of the stages of a tax that applies at several levels. Both the Industrial Association and the Chamber of Commerce have held several meetings with the minister of industry, the vice minister of commerce, the minister of economy and the economic team, without achieving so far any measure to halt the dramatic decline in industrial sales. The cancellation of a series of publicity campaigns in symptomatic. Furthermore the level of tax collections is apparently also reflecting the impact of the sales decline.

Manufacturers claim that their sales dropped 50 percent in August and September and that they are therefore reducing production to those levels. They insist that price controls applied to merchants should be based on the manufacturers' list of prices for the public, instead of trying to freeze prices at the retail level. They maintain that the control they propose would cause an inflation of only one percent a month and would prevent a much larger increase through the underground economy which is already taking place.

Up to July 27, merchants set their prices to the public based on the cost of their last purchase, to which they added their trading margin.

Merchants did not operate on the basis of replacement value but made a financial profit based on turnover, taking into account that the cost of money was of the order of 15 percent a month and that they were given 30 to 60 days to pay by their suppliers. They also paid in devalued money. The manufacturers, for their part, affected by the daily devaluation ond the various increases in duties this year, worked on replacement value with monthly price lists.

What has happened now is that with the cycle broken, merchants cannot buy from the manufacturers because they are 30 to 90 days out of sync.

The result of this situation is that some merchants who leveled their prices with the frozen price lists of the manufacturers are being fined for not respecting the freezing of prices at the retail level. Faced with this situation, many merchants are opting for various alternatives: selling without invoicing, no stock replacement, selling similar products at higher prices, etc. The net result is that industrial production continues falling precipitously.

There is a growing perception of a lack of coordination between President Garcia, who talks of flexibility, and the authorities of the MEF [Ministry of Economy and Finance] and MICTI [Ministry of Industry, Commerce, Tourism and Integration], who are sitting without making any decision on a pressure cooker that may blow the emergency program into a thousand pieces.

12856/9190
CSO: 3348/109

GOVERNMENT ACTION ON SALARIES PRAISED, ASSAILED

Bonus, Increase Decision

Basseterre THE DEMOCRAT in English 9 Nov 85 p 1

[Text] The following is a Press Release which was first announced over yesterday's midday newscast on National Radio ZIZ:

"Cabinet today (Friday) at its regular meeting approved the payment of an extra Month's Salary in December to Civil Servants, Pensioners and other Public Servants in St. Kitts and Nevis. An extra 4 Weeks' Wages will be paid to non-establishment workers in St. Kitts and Nevis.

"Cabinet also today approved a Salary Increase for Civil Servants and other Public Servants in St. Kitts and Nevis. This increase will also apply to pensions. Increases varying between 20% and 25% of salary will be paid with effect from 1st January, 1986. An increase of 20 cents per hour will also be paid to non-establishment workers in St. Kitts with effect from 1st January, 1986."

The Press Release was issued by the Prime Minister's Office, Government Headquarters on behalf of the St. Kitts-based Civil Servants, and the Premier's Ministry, Administration Building joined to sanction the increases for the Nevis-based Civil Servants.

THE DEMOCRAT is reliably informed that Civil Servants at all levels in St. Kitts and Nevis have welcomed this announcement and are grateful for the thoughtfulness of their Government. In spite of all sorts of reports of inability to pay the salaries of its employees, the PAM/NRP Government has come through in grand style at the right time with these substantial increases. The business places in the Federation are also very pleased at the prospect of greater spending power in over 2,000 Civil Servants. Other employers are taking note of Government's leadership in this area of wage increases. A HAPPY CHRISTMAS AND A PROSPEROUS NEW YEAR IS IN STORE WITH ALL THIS EXTRA MONEY IN CIRCULATION!

1986 Freeze

Basseterre THE LABOUR SPOKESMAN in English 16 Nov 85 p 1

[Text] Civil Servants and other public servants in St. Kitts-Nevis received some shocking news earlier this week when they were notified by circular, of the government's decision to freeze all increments for the year 1986 until further notice.

The Circular (No. 7/85) dated 11th November, 1985 was issued by the Ministry of Finance and addressed to Permanent Secretaries in the various Ministries of government and also Heads of Departments.

The Circular also made mention of the government's decision to grant a pay hike to all government established employees, pensioners and non-establishment workers, effective 1st January, 1986.

The Circular followed sharply on the government's emergency press release at lunch time last week Friday, 8th instant, which made mention only of Cabinet's approval of

(i) an extra month's pay in December (1985) to civil servants, pensioners and other public servants in St. Kitts-Nevis

(ii) an extra 4 weeks' wages to be paid to non-establishment workers in St. Kitts and Nevis and

(iii) a salary increase for civil servants and other public servants in St. Kitts and Nevis, including pensioners

The relevant section of Circular No. 7/85 issued by the government on 11th November, 1985 reads as follows:-

"It has also been decided that after Officers are converted to their new points on 1st January 1986, no increments will be awarded during 1986 until a further communication from this Ministry."

/13046
CSO: 3298/227

ST CHRISTOPHER-NEVIS

SIMMONDS PLANS SUGAR INDUSTRY REVAMPING, AID TO WORKERS

Text of 7 November Address

["Text" of radio/TV address to the nation on 7 November 1985 by Prime Minister Kennedy Simmonds]

[Text] It is timely that I should speak to you this evening about three important issues. The first, the future of the Sugar Industry, has been for several years, and continues to be now, a matter of grave concern to all of us. The efforts of my Government over the past 5 years to bring some measure of stability to the Industry and greater reassurance to the workers is a matter of public record. When there was some money available we increased wages and instituted new bonuses in an effort to improve the lot of the worker and increase his motivation. We attempted to reduce inevitable losses by streamlining the operations of the Industry, replacing old equipment, introducing a system of cost accounting and removing the Sugar Levy which for years had been sucking at the very vitals of the Industry.

HOSTILE ECONOMIC ENVIRONMENT

However, every time we made one step forward, we were pushed two steps backward by a frankly hostile economic environment over which we had no control. While sugar prices fell through the floor, the cost of equipment and essential materials rose through the ceiling. In addition our U.S. Quota which brought us a preferential price was drastically cut by 25%. These factors added to the accumulated, inherited losses made it impossible to get the Industry stablilised, much less profitable. The result has been the substantial NACO overdraft hanging like a millstone around the neck of the Industry. Since the early 1970's our Sugar Industry has been studied by a succession of experts leading up to that of the latest team from Bookers Limited financed by the British Development Division. Whereas these various experts have been generous in their advice to us, they of course have no effect on the decision-makers in the countries to which we sell. This was brought home forcibly to us when, after the initial draft of the Report had been studied by the Government and returned to the Consultants, the United States reduced our sugar quota by 25%. The result was that even at that late stage, the Report had to be further adjusted to take account of this new reality.

The Report comes at a time when the Sugar Industry in St. Vincent and Grenadines is closing down, the Sugar Industry in Antigua and Barbuda cannot begin to get off the ground, when both Trinidad and Tobago and Jamaica have closed down substantial portions of their industries.

SOME OF THE RECOMMENDATIONS IN THE REPORT

The Government has received the Report. It is in two parts. One dealing with the Sugar Industry, and one dealing with non-sugar agriculture. I propose to deal only with the Sugar Industry tonight. Let me say at this point, that the Government does not accept every analysis, conclusion, or recommendation of this Report. However, we feel that there is enough which we can accept which can be a useful working guideline for us to follow in our efforts to improve the operation of the Sugar Industry. Some of the recommendations in the Report are:-

(1) The Industry should increase cane production and hence sugar production to about 38,000 tons within five years.

(2) "Means of increasing the productivity of land should be sought so as to maintain production at the above level while releasing land for other uses".

In this context various methods are recommended including -

(a) Irrigation

(b) Improved methods of cultivation

(c) Improvement in harvesting techniques to provide cleaner cane

(d) Soil Conservation on steeper land

(e) Improvement to agricultural laboratory services.

(3) Introduction of about two mechanical harvesters on selected areas of land so as to maintain a steady supply of cane and reduce Factory shutdown for time out-of-cane.

POOR ATTENDANCE OF CANE-CUTTERS

The only reason for giving any consideration at all to this latter recommendation is the poor attendance of cane-cutters especially after Easter. Herculean efforts have been made over the last several years to preserve the Sugar Industry for the express purpose of providing employment. It is distressing therefore when some employees do not work steadily and consistently and earn the quite good wages now available in the Industry.

In 1984 the average daily attendance of cane-cutters before Easter was 841, after Easter the average daily attendance dropped to 669 - a loss of 172 cutters. In 1985 the average daily attendance of cane-cutters before Easter was 885 and after Easter was 676 - a loss of 209 cutters. Productivity cannot be at its best with almost a quarter of the work force absent. Let me state categorically that mechanical harvesters are NOT I repeat NOT, intended to displace labour, but to supplement it, and that if the cutters can keep their level of attendance and hence productivity high, there would be no need for mechanical harvesters.

REORGANISATION OF SUGAR INDUSTRY

The next recommendation calls for a major but necessary reorganisation of the Industry. It is simply stated in the Report:

"THE PRODUCTION OF SUGAR SHOULD BE CARRIED OUT BY A SINGLE CORPORATION"

There is of course a detailed analysis of the reasons for this recommendation, but the crux of the reasoning is to streamline the Industry further, and increase its efficiency and thus decrease its losses and hopefully in time even make it profitable.

It is interesting to note that in 1972 when the previous Government and the former landowners agreed on the establishment of the Sugar Industry Rescue Operation (SIRO), that a Study by Peat, Marwick and Mitchell recommended that a single Company should be formed to operate the Sugar Industry. This recommendation was not implemented. My Government proposes to implement this recommendation and to immediately undertake the necessary adjustment and changes to give effect to it.

SUGAR INDUSTRY UNDER ONE CORPORATION

It is proposed to close down the National Agricultural Corporation (NACO), and to have its assets and functions taken over by the SSMC. The necessary legislation to effect this will be introduced into Parliament. Let me state categorically, the Sugar Industry WILL CONTINUE under one Corporation instead of two. The agricultural workers will still be needed to harvest the crop. The SSMC is a familiar Organisation, and we believe that by carrying out the restructuring in this way there will be a minimum of disruption. Every effort will be made to avoid displacement of workers, or at least to keep it to an absolute minimum.

NACO'S OVERDRAFT

Now what of NACO's Overdraft? We rather expected that experts of the stature involved in this Study would have come up with some suggestions as to how we might deal with this obviously critical question. They were quite clear and unequivocal about the genesis, the origin, the cause of the overdraft and I quote - "However, NACO's Overdraft does not arise from the Industry's operational performance, since it made profits from 1975 to 1981, but rather from its inability to pay the very high Sugar Levy that was imposed on it by the previous Government". The profits which were there before payment of Sugar Levy however, were turned into losses by the extraction of the Sugar Levy.

My Government of course stands by its decision to abolish the Sugar Levy and this action will certainly help to make the restructured industry more viable. In relation to the solution to the NACO Overdraft, Bookers were equally terse and to the point and I quote - "The only solution is for Government to assume the liability, releasing NACO from its obligation to the Bank". This to my mind is one of the disappointments of the Report, in that it had no real recommendation to make on this vital issue, and could dismiss it so cavalierly in one sentence.

The Government has decided, in the circumstances, THAT IT WILL TAKE OVER RESPONSIBILITY FOR NACO'S OVERDRAFT, AND WE WILL GUARANTEE TO THE NATIONAL BANK THAT WE WILL REPAY THE DEBT OVER TIME. This issue will form the subject of a subsequent communication.

OUR EFFORTS HAVE BEGUN TO BEAR FRUITS

Fellow citizens, this in very brief summary, is the substance of the recommendations of the Bookers Report. I firmly believe that by implementing these and some of the details relating to cultivation and harvesting practices, and with a high degree of worker commitment and productivity we can make the Sugar Industry more viable than it has appeared in the past. Even the efforts we already made over the past few years have begun to bear fruit, as the Bookers Report noted:

"PERFORMANCE AND MORALE ARE BETTER THAN A FEW YEARS AGO, AND THE IMPROVEMENTS EVEN BETWEEN FEBRUARY AND AUGUST 1984 WERE NOTICEABLE"..........."IT IS NOW INCREASINGLY ECONOMICAL, FORWARD-LOOKING AND DESERVES TO SURVIVE".

You will note that this presentation was not intended to address the issue of wages and benefits. They will be dealt with by the Sugar Manufacturing Corporation in the usual way.

LEGISLATION TO PROVIDE OTHER BENEFITS

I move on now to deal with the next matter:

My Government intends before the end of this year to introduce legislation into Parliament to provide for additional benefits under the already very beneficial Social Security Scheme.

You will recall that in 1984:

My Government increased Funeral Grant from $200 to $500;

* Maternity Grant from $50 to $100 per child;

* Maternity Benefit from 50% to 60% of weekly wage;

* Sickness benefit from 50% to 60% of weekly wage; made

* Widows Pension payable 10 years earlier at age 45 instead of age 55;

* Increased the survivors benefits minimum from $208 to $1,500 per year;

* Increased Age Benefit minimum from $8.00 to $17.50 per week.

* Increased non-contributory assistance pension from $7.00 to $10.00 per week.

We now propose to provide all of the workers of this country with employment injury benefit protection under the Social Security Scheme.

THE SCHEME WILL PROVIDE

1. Compensation in respect of injury and disablement with related medical care;

2. Cash benefits and disablement pensions when a worker becomes totally incapable of work by an injury arising out of or in the course of his employment or from a prescribed occupational disease;

(3) Survivor's Benefit to be paid to dependants and children of a worker who dies as a result of an accident arising out of or in the course of his employment, or from a prescribed occupational disease.

Benefits will be provided therefore, not only in the case of injury but where diseases specifically related to the worker's occupation cause disablement. This Employment Injury Benefit Scheme will be a significant improvement over the Workmen's Compensation Act which was enacted on 1st July 1956, and which does not provide benefits relevant to today's economic realities.

Whereas the current Workmen's Compensation Provision excludes persons earning more than $100 per week, casual workers, Police officers among others, the Employment Injury Benefit Scheme would apply to ALL workers.

Whereas the current Workmen's Compensation would provide for a single maximum payment of $6000 to a person who is totally and permanently disabled, the benefit under Employment Injury Benefit Scheme would be related to the degree and extent of the injury or disability, and if necessary, provide a monthly payment for life.

FINANCING THE SCHEME

How is the Scheme to be financed? Recognising that employees would no longer have to pay premiums for maintaining policies of insurance as required by the Workmen's Compensation Act, they, the EMPLOYERS, would be required to make an additional modest contribution of 1% of each worker's wage to the Social Security Scheme. The Scheme will, in due course, be explained in greater detail by those trained and qualified to do so.

GREATER PROTECTION TO WORKERS

The next issue that I will mention to you in this presentation is also another step in Government's programme to provide greater protection to the workers of this country. You will recall that in 1981 we upgraded minimum wage legislation for domestic servants and shop employees. We later provided for pregnant employees to retain their jobs and benefits in the Civil Service. We introduced the 5-day work week.

NOW WE INTEND VERY SHORTLY TO INTRODUCE LEGISLATION TO GIVE THE WORKERS OF THIS COUNTRY GREATER JOB SECURITY AND TO PROTECT THEM AGAINST UNFAIR DISMISSAL, AND TO PROVIDE FOR REDUNDANCY AND SEVERANCE PAY.

In 1981 Government initiated discussions between officials of the Ministry of Labour, the Legal Department, Representatives of the Business Sector, The Trade Unions and The International Labour Organisation, represented by its Adviser Mr. A. N. Leslie. The Legislation which we will be proposing, therefore, will be the end result of the input of all of the relevant sectors of our country as previously mentioned.

* It will provide for the extent of notice and/or compensation to be given in the event of termination of employment, and will guarantee the right to maternity leave.

* It will provide for Redundancy Payment where the worker becomes redundant whether it be for closure of business, modernisation, automation, mechanisation, reorganisation, bankruptcy, death or otherwise.

* It will provide for Severance Payment to workers and specify the rates payable in various circumstances.

GOVERNMENT'S COMMITMENT TO THE WORKERS

It is significant that these three matters I have presented to you tonight, the Sugar Industry reorganisation, the Employment Injury Benefit Scheme, and the Protection of employment Legislation, should all be coming to fruition about the same time. Indeed, there is a common thread clearly demonstrable in all of them - it is YOUR Government's commitment to secure and protect the employment of the workers, and to ensure fair and just treatment at all times, in health, sickness or adversity.

Fellow citizens, given the circumstances existing now in the world in which we live, we can expect that there must be and there will be changes. However, I have every confidence in your resolve, your good sense, your insight, your wisdom and your ability to adjust. Let us work together with purpose and commitment, so that we make the process of change work for the benefit of every man, woman and child in our beloved country. May God Guide Us All.

Union Organ's Criticism

Basseterre THE LABOUR SPOKESMAN in English 9 Nov 85 pp 2, 12

[Editorial: "Simmonds Admits Failure Again!"]

Simmonds' broadcast on Thursday evening concerning the future of the sugar industry, when stripped of its glib patter of excuses and half truths, is an admission of the PAM government's inability to manage the national economy.

Coming so soon after his admission of his inability to manage the telephone services just a month ago, this further failure confirms the prognostications of the Labour Movement's leadership concerning the moral and economic bankruptcy of the Simmonds' regime.

No amounts of cursing by Michael Powell nor "revelations" by the so-called Roy Jones' column can hide this degeneration.

Simmonds' speech is intentionally vague about many things. For example although he spoke several times about the NACO overdraft, he is still hiding the exact amount of the overdraft from the people of this country whose inalienable right it is to know by how much more they are burdened.

While he managed to speak for several minutes about the re-structuring of the sugar industry, he still did not say how many persons are expected to lose their jobs in the re-vamped structure and which categories would be most affected.

Simmonds has at last confessed to the nation and the world that he could not wear his predecessor's shoes. According to Simmonds, between 1975 to 1981 NACO made profits. However according to him, the then Labour Government took away the profits of the corporation by imposing a Sugar Levy. He did not tell the country that the money extracted from the Corporation was used primarily to set up a Land Fund to repay the sugar estates' owners as compensation for their land acquired by Government. In fact it is said that the Land Fund contained $10 million dollars which was to be used as part payment for the sugar estates. We do not know what has become of the $10 million dollars supposedly in the Land Fund as Simmonds has revealed that the money had to be borrowed from abroad to make the first payment to the sugar estates' owners. He did not mention the money supposedly in the Land Fund when announcing the agreement with the land owners.

Again Simmonds recited the now familiar excuses about why, according to him, the sugar industry is now in this terrible mess. He did not put the blame squarely where it belongs - lack of good management. In fact his whole speech is an indictment of his bad management practices and this is overpoweringly logical. If, according to him, the experts are still saying that the industry can still be viable if sugar production is increased to 38,000 tons of sugar within the next five years, then his production policy has been misguided, bearing in mind that in 1977 the industry produced about 41,000 tons of sugar. In 1978, it produced 39,000 tons of sugar and in 1980, around 40,000 tons of sugar. Since 1982, the industry has struggled to produce 25,000 tons of sugar.

This is not surprising as the NACO Board under Labour contained some of the best brains in this country. After 1980, it was composed of rather mediocre persons whose only entitlement to membership seem to be a PAM party card.

It is also interesting to note that the sugar industry received its greatest revenues during the period of PAM control. A breakdown using the Government's own figures issued by their Statistical Department is instructive. In 1975, the industry received about $27 million from sugar exports. This was decreased by $1 million in 1976 and a further million dollars in 1977. However in 1978, the Industry received over $31 million which was decreased by one million dollars in 1979.

After the change of Government in 1980, the sugar industry had a bumper year in terms of revenues, in that although 1978 had been the best year in terms of revenues for the industry under Labour when $31 million was received, this record figure was "upped" during PAM's first year in office when the industry received over $38 million in revenues. This record figure in 1980 was broken in 1981 when the industry received over $39 million in revenues from export sales. In fact this is the reason why Simmonds and his Ministers had money to spend to beautify their offices. They thought that things were getting better and better. There was no thought about prudent fiscal management. No thought of long range strategic planning.

Simmonds said that one of the recommendations of the Bookers' report is to increase the productivity of the land. We wonder that he did not choke when he admitted this because some of the most fertile land where immense yields of sugar had come from, were taken out of sugar by the Simmonds' regime. Simmonds himself sold his land at West Farm for a fantastic price. Other persons were then given back their land which were also taken out of sugar cultivation.

The most ironic thing is that one of the recommendations to increase productivity is the deployment of mechanical harvesters which would only be able to function efficiently on low-lying land. Most of the land withdrawn from production is flat, arable land suitable for this type of activity.

Simmonds spent a long time in his speech complaining about the absence of cane cutters. He read a long rambling account of attendance of cane cutters after Easter which he claimed had contributed to the poor returns. He said nothing about the callous and brutal way in which his Government had treated the sugar workers after the initial euphoria of the 1980 elections had faded.

In fact, in 1981, which was the record year for money received by the sugar industry in its entire 350 years' history, the Simmonds' government offered the workers a miserly 2½% increase in wages which was indignantly rejected by the workers' representatives, even though from its export sales alone the industry made thirty nine million, seven hundred and sixty six thousand dollars ($39,766,00).

To add insult to injury in 1983, sugar workers were denied their customary goat water and to crown it all, in 1984, for the first time in nearly 50 years, sugar workers did not receive an increase in wages. It is no wonder, Dr. Simmonds, that this lack of incentives contributed to the lack of enthusiasm for work on the sugar estates.

Simmonds took the cake with his naive and rather childish remarks about being disappointed with the recommendations made or lack of them, concerning the huge NACO overdraft. He professed to feel let down as no concrete proposal except that Government should take over the overdraft, came out of the report.

Here one has a situation where NACO is to be folded up, yet Simmonds is hoping for a miracle to dodge the responsibility for the purported nearby $40 million NACO overdraft. Did he expect Bookers' to volunteer to repay the overdraft or did he want them to recommend that the S.S.M.C. take over the overdraft?

Simmonds has found a neat way to raise some money towards the repayment of even the interest on the overdraft. He has arbitrarily increased Social Security contributions by one percent. He had tied this in with a so-called Employment Injury Benefit Scheme which purports to give cash benefits and compensation to workers injured or disabled at their workplace. Mark you, the Social Security Scheme is practically "minting" money and can well afford to pay not only this benefit but also many other benefits such as increased Old Age or Assistance pensions, Maternity Benefits and Unemployment Benefits.

Yet the truth of the matter is that the Social Security money which is banked in the St. Kitts-Nevis-National Bank is all that is keeping that Bank afloat. Simmonds therefore cannot increase Social Security benefits without increasing Social Security contributions, otherwise the Bank's already acute cash flow problems would become even more painful.

Having given the country such bad news, he needs to make a propaganda gesture to show that "his government" cares for its citizens. Of course the gesture cannot cost too much money, so, after turning over the alternatives he has come up with a scheme which kills two birds with one stone. It is arguable whether 50 persons per year are permanently disabled in the whole of St. Kitts. The figure might be closer to 20 persons. Therefore, Simmonds in slapping on the extra one percent Social Security payment is not only making a gesture which will cost the Social Security Fund little, but will also demonstrate to the gullible that he cares for the people of this country. Incidentally he stands to enjoy substantially increased revenues from this gesture.

In order to emphasize the point, so that his supposed care and concern for workers is not missed nor overlooked, Simmonds has also spoken about passing legislation against unfair dismissal and workers' entitlement to severance pay. This comes out so sanctimoniously from Simmonds, even though his Government is the worst offender in the area of unfair dismissals in that his Government has blatantly victimised and dismissed scores of persons for no reason except their political views.

One wonders whether the Government is serious in proposing this legislation in light of its past record or whether it will again be a matter of "Do as I say and not as I do." When one examines this Government's past record and its refusal to obey the recommendations of the Courts, Special Tribunals such as the Public Service Board of Appeal and so on, one can hardly take comfort in the avowed benefits of this proposed "Protection of Employment" legislation.

Simmonds' speech is a pathetic effort to disguise his Government's moral and economic bankruptcy and to cloak his confessed failure with the trappings of "forward-lookingness". It is merely a smoke screen to fool and confuse the ignorant.

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CSO: 3298/227

ST CHRISTOPHER-NEVIS

TRADES, LABOUR UNION MEETS; OFFICERS REELECTED

Report on Proceedings

Basseterre THE LABOUR SPOKESMAN in English 30 Oct 85 p 1

[Text] The 46th Annual Conference of the St. Kitts-Nevis Trades and Labour Union last Sunday unanimously passed a Resolution denouncing apartheid and the Botha regime in South Africa and calling for urgent action to put an end to the oppression of black people in South Africa.

The full text of the Resolution reads -

"BE IT RESOLVED that this Conference denounces the evil system of apartheid practised by the regime in South Africa and calls on the international community to take urgent action to bring an end to the system, to put an end to the state of emergency in South Africa, to free Nelson Mandela, and to establish democracy in South Africa."

The Resolution was presented by the Executive Committee of the Union and was fully debated by the Conference.

The Annual Conference of the Union is held on the last Sunday in October in each year. About 300 delegates attended this year's Conference which started at 10.40 a.m. and continued until 8 p.m. with a break for lunch at 1.30 p.m.

The Conference opened with the singing of "O God, Our Help in Ages Past", followed by prayers led by Comrade Cyril Benjamin, and the reciting of the Lord's Prayer and the 23rd Psalm.

After the roll call, President Comrade Lee Moore delivered the President's Address. The full text of the Address will be published in our next issue on Saturday 2 November [not available to JPRS].

The Conference then considered and accepted the Executive Report and the Financial Report.

The Basseterre General Workers Section made a presentation to the Union, following which lunch was taken.

The post-lunch period was mainly concerned with Reports for the Union Sections and deliberation on 40 Resolutions presented by the Executive Committee and the Sections.

The very first Resolution dealt with an urgent problem facing the workers of St. Kitts - unemployment:

"BE IT RESOLVED that this Conference deplores the very high level of unemployment, particularly among young workers, which is the direct result of the negative policies of the government and which is mainly responsible for the profound suffering of the workers and their families."

The Resolution was fully supported by the Annual Conference, as also a Resolution calling on the government to make public the contents of the 1984 Booker's Report on the sugar industry in St. Kitts.

In our next issue we will publish the full text of the main Resolutions passed at the Conference [issue not available to JPRS].

The Conference next elected the Officers and members of the Union Executive for the 1985/86 period.

Following on brief addresses by Comrade St. John Payne, 1st Vice President, and Comrade Walford Gumbs, 2nd Vice President, the Conference was closed with the singing of the Doxology.

Election of Officers

Basseterre THE LABOUR SPOKESMAN in English 30 Oct 85 p 1

[Text] The following persons were elected as the Officers of the Union and the members of the Executive Committee at last Sunday's 46th Annual Conference of the St. Kitts Nevis Trades and Labour Union -

Comrades Lee Moore - President
E. St. John Payne - 1st Vice President
Walford Gumbs - 2nd Vice President
Fitzroy Bryant - Treasurer
Joseph N. France - General Secretary
Fidel O'Flaherty - Asst. General Secretary

Lorinston Jenkins)
Joseph Jones)
Ernest Osborne)
Joshua Guishard)
Aaron Phillip) Members of the Executive Committee
Althea James)
Stanley Franks Jr.)
George Dixon)
Eunice Williams)

All the Officers were returned to office, unopposed.

DEMOCRAT's Assessment

Basseterre THE DEMOCRAT in English 2 Nov 85 p 2

[Editorial: "Still No Change in Labour Union Executive?"]

[Text] Clear-headed and right-thinking Labour people in St. Kitts are reportedly in the depths of CONFUSION and DESPAIR over the news emerging from the just-concluded Annual Conference of the 46-year-old St. Kitts-Nevis Trades and Labour Union. According to The Labour Spokesman, mouthpiece of the Opposition Labour Movement, ALL of the members of the Labour Union Executive including Union President Lee Moore, and Treasurer Fitzroy Bryant, have been returned to office UNOPPOSED.

There has been NO CHANGE AT ALL in the leadership and supposedly in the policy of that misguided Organisation. Lee Moore still President, St. John Payne still 1st Vice President, Walford Gumbs still 2nd Vice President, Fitzroy Bryant still treasurer, Joseph N. France still General Secretary, Fidel O'Flaherty still Assistant General Secretary. All six (6) of these individuals are POLITICIANS and PLATFORM SPEAKERS of the defeated St. Kitts Labour Party. Three (3) of them, perhaps the most visible three of them, have been REJECTED, personally rejected, at the political polls by the ordinary people of this country. These, of course, are Lee Moore, St. John Payne, and Fitzroy Bryant, who at one stage were Leader, Deputy Leader and Chairman respectively of the defeated Labour Party.

By contrast, the nine members of the Executive Committee of the Labour Union are all workers, or working-class people, more in touch with the realities of the conditions facing employees in this country than the degree-d Lawyers Lee Moore and Bryant, and Boutique Owner (also degree-d) St. John Payne.

Surely it must be clear to the members of the Labour Union that something is very, very wrong with their leadership and the policies of their leaders. Union Leaders must be in tune with the problems and hardships confronting their members. They must be sympathetic and sincere in their championing of workers' rights. They must be dedicated, committed, and unflagging in their attention to the meaningful improvement of working conditions and industrial relations. Above all, they must not, repeat NOT, use their office for personal or POLITICAL self-aggrandisement. Obviously, this is not, repeat NOT, in the best interests of the members themselves.

Gone are the days when Trade Unions in the West Indies gave the impetus for the Liberation Movements which brought much-needed long-overdue and sweeping political reform to our countries still in the grip of the benevolent domination of the Colonial task-masters. Gone, too, are the days when a Labour Union was the only legal organ through which the budding statesman could aspire and achieve to lofty heights of constructive political activism. Indeed, we have witnessed in this country within recent times (up to the 1970's) the spectacle of the Labour Premiers of this country actually negotiating with themselves as Labour Union Presidents on behalf of employers and employees at one and the same time; for example, in the Sugar Industry.

What is Lee Moore, the rejected politician, hanging on to the Labour Union for? He is no Trade Unionist, neither by profession, nor training, nor status, nor mentality. Besides, under his leadership, the Labour Union has UTTERLY FAILED to solve the biggest and most urgent problem threatening it today, namely, the enormous unpaid National Bank Debt of $275,000.00, which has already forced them to put up a part of Masses House for sale. Of what particular benefit can it possibly be in the fact of the failure of the politicians in the Union, to hold their Conference, with NO CHANGE IN THE LABOUR UNION EXECUTIVE???????

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CSO: 3298/228

MITCHELL ADDRESSES NDP CONVENTION; OFFICERS ELECTED

FL041431 Bridgetown CANA in English 1359 GMT 4 Dec 85

[Text] Kingstown, 4 Dec (CANA)--Unemployment and population growth are the two biggest problems facing St Vincent and the Grenadines, Prime Minister James Mitchell told the 10th anniversary convention of his ruling New Democratic Party (NDP) here at the weekend.

The local population numbers 102,000 (July 1985), with an average annual growth rate of 1.4 percent, with the majority of babies being born to teenage mothers. Unemployment has been put at 40 percent.

Addressing more than 400 members and party supporters at the opening session of the convention, Mitchell underscored the link between unemployment and the rate of population growth within the context of proper policy planning.

If you're unemployed today, what future is there for your children in 20 or 30 years when there are more children, he asked.

He said Vincentians must work to build agriculture and tourism, and to enable the country to reach its industrialization capacity.

At the business session of the convention, Mitchell, one of the co-founders of the NDP in 1975, was unanimously re-elected president and party leader for the 14th consecutive year.

Senator Emery Robertson, the present attorney general and minister of legal affairs, has also been re-elected chairman for the third consecutive year.

Returned as NDP vice presidents were Eddie Griffith, the minister of health, and Herbie Young, minister of state in the Ministry of Trade, Industry and Agriculture.

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CSO: 3298/229

BRIEFS

UNION WAGE DEMANDS--Kingstown, Saturday (CANA)--The influential National Workers Movement (NLM) has urged St Vincent and the Grenadines Government to increase minimum wages and appoint a new wages council. The union said that while trade unions had managed to get wages above the regulated minimum scale for their members, a number of workers were still being paid ridiculously low rates. The union siad the discriminatory aspect of the regulations which provide differences in pay between men and women, was also being used by some employers as an excuse to hire women and take advantage of the lower wage rate. The existing minimum wages regulations provide for men in the industrial sector to be paid $13.52 dollars for an eight-hour day. Their female counterparts are entitled to $10.40 dollars daily. The minimum weekly wage of a shop assistant or store clerk under the regulations is $52 dollars a week, while female agricultural workers' minimum pay is eight dollars a day. Men in the agricultural sector are entitled to $10.40 dollars daily. [Text] [Port-of-Spain SUNDAY EXPRESS in English 15 Dec 85 p 5] /9274

CSO: 3298/229

DEVALUATION HIGHLIGHTS CHAMBERS' 1986 BUDGET SUBMISSION

Prime Minister's Presentation

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Prime Minister and Minister of Finance George Chambers yesterday announced a 50 percent devaluation of the Trinidad and Tobago dollar as he presented his 1986 Budget that gave with one hand and took with the other.

Instead of TT $2.40 to one US dollar, the new exchange rate is now TT $3.60. But is a two-tiered system, since the new rate will not apply to a range of foods, drugs, agricultural inputs and school-books.

While making it costlier to travel and to purchase imports, Mr. Chambers brought some respite from cost of living pressures to thousands of old age pensioners, retired public officers and recipients of Public Assistance.

He also announced a plan that would regularise the situation of thousands of squatters on State lands all over the country.

In his presentation that lasted two hours and 12 minutes, Mr. Chambers also announced a host of other fiscal measures that brought mixed reaction from various sectors of the society.

And on completion of his presentation, it was announced that debate on the Budget will begin in Parliament at 9 a.m. on Friday.

Fiscal measures include removal of the controversial 12 per cent Stamp Duty on bills of entry for raw materials and other inputs into industry, including including agro-industry. The stamp duty on pre-recorded cinema film is also being removed.

The existing [figure indistinct] per cent purchase tax on imported live [word indistinct] has been abolished, and there is a reduction in the levy on tote, forecast and trifecta betting.

In Trinidad, the levy will now be 10 per cent, and in Tobago, two and a half per cent.

Alcohol Goes Up

Drinkers and smokers now have to dig deeper in their pockets, since the taxes on alcohol and tobacco are to be increased.

In order to create more job opportunities and to pick up the unemployment slack, Mr. Chambers has proposed an enhanced Employment Allowance to which all enterprises, regardless of size and area of activity will now be eligible. Eligible claims can be made on salaries not exceeding $4,000 per month.

And in order to protect employment in Caricom, the Nassau Accord which provides for a 15 percent surcharge on specified imports from extra-regional sources, will be implemented from January 1, 1986.

Also, a new rate structure of purchase tax is to be introduced, reducing the current six categories to four--10 per cent, 30, 50 and 75 percent. Goods now in the range of 15 percent purchase tax will drop to ten.

But there is to be a ten per cent tax on overseas tour packages and auto rentals, except for bona fide tourists.

The ten per cent purchase tax on packaging materials is to be moved and the $200 landing fee certificates for visitors is to be abolished.

For those wishing to make their income tax burden lighter, tax-savings and deposit accounts has been increased from $3,000 to $5,000 per year.

Foreign Investment

This facility is now being extended to deposits in non-bank financial institutions and building societies, as well as to purchasers of units from the Unit Trust whose allowance has been tagged at $2,500 per year.

Some 54,000 old age pensioners will receive a $25.00 monthly increase, while adult recipients of Public Assistance will get a $10.00 increase, and children, an increase of $8.00 a month.

The more than 9,400 retired public officers will receive monthly pension increases ranging from $100 to $250 and will also be afforded a special personal income tax allowance. While everyone else continues to claim $2,500 as personal allowance, they can claim $2,750.

In addition to pension increases all persons over the age of 65 will be eligible to receive free 'bus passes.

Stating the case for devaluation of the TT dollar, Mr. Chambers, whose presentation was carried live on radio and television, said there were substantial benefits to be derived from an adjustment of the exchange rate.

First and foremost, he said, this would restore a measure of competitiveness to industry and tourism.

Secondly, it would be a fillip to investment, particularly those financed from foreign sources.

Increased competitiveness and investment, he explained, would lead to higher production, expanded exports and more jobs, with consequent positive impact on Government revenues, resulting in increased public expenditure.

But while this was so, he also pointed to the inevitable higher costs, notably the lowering of the ability of citizens to purchase imports.

According to Mr. Chambers, in order to achieve maximum benefit for an exchange rate adjustment it was imperative that costs of essentials be contained.

He said it was his considered view that the most advantageous way by which to achieve this operation was to have a dual rate.

He announced that there will be no change in the rate applicable to a range of foods, drugs, agricultural inputs and school-books.

Mr. Chambers promised publication of a full list of items to be brought under mandatory price controls at their existing pieces. And if necessary, he added, the Government was prepared to legislate a freeze on these prices.

Also determined to keep the price lid down on energy, he said Government will instruct the oil companies to keep petrol, kerosene, LPG and all other sources of energy at prevailing prices.

Overall, the estimate for recurrent expenditure in the 1986 Budget is $6,547 million while capital expenditure has been put at $2,067 million, making a total of $8,614 million.

Budget Highlights

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Highlights of the 1986 Budget presented yesterday by Prime Minister George Chambers in his capacity as Minister of Finance.

--Introduction of a two-tiered foreign currency exchange rate--the existing $2.40 (TT) to US$1 to remain for specified imports including food, drugs, agricultural inputs and school books. The rate for other goods and services up by 50 per cent, pegging the local currency at $3.60 to US$1.

--Removal of ten per cent levy on sale of foreign exchange.

--Tribunal to be established to regularise squatting on State lands.

--Purchase tax of alcoholic beverages now fetching a 45 per cent levy to increase to 50 per cent.

--Increases in the purchase tax on cigarettes and other tobacco products.

--A new ten per cent tax for travellers on the sales value of overseas tour packages and rental of motor vehicles (tourist exempted).

--Removal of price control from chicken.

--More than 9,000 public service pensioners who retired before 1984 to get increased monthly pension payments ranging from $100 to $250.

--Old age pension payments for more than 54,000 recipients up by $25 monthly and public assistance payouts to be increased by $10 a month for adults and $8 for children.

--Free omnibus passes entitlement enjoyed by old age pensioners and public assistance recipients to be extended to 65-year-olds and over.

--All business enterprises to qualify for jobs-creating employment allowance applicable to jobs with salaries up to $4,000 a month.

--Abolition of 12 per cent stamp duty on imports of industrial (including agro-industry) raw materials.

--Increasing the limit of tax exempt interest on savings and deposits from $3,000 to $5,000 annually. It will also be applicable to deposits in non-bank institutions and buildings societies.

--A tax deduction of up to $2,500 a year for buyers of additional units from the Unit Trust Corporation.

--Abolition of $200 payment for visitors wishing to extend their stay in Trinidad and Tobago.

--Removal of the 50 per cent purchase tax on imported live horses and reduction of levy on tote, forecast and trifecta betting to ten per cent (Trinidad) and 2.5 percent (Tobago).

--Imposition of a levy on imported milk and milk products.

--National Youth Steel Orchestra and Youth Theatre to be set up.

Spending Features

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Government has estimated that spending for the year 1986 will come to $6.5 billion, or $600 million less than the estimated expenditure for 1985.

In the Budget document "Draft Estimates of Expenditure for the Year 1986," the 1986 estimates of expenditure were put at $6,547,335,052. The 1985 estimates were $7,152,656,590 but spending fell far below that figure this year and the revised estimates for 1985 came up to $6,379,122,500.

The following are the main areas of spending for 1986, in million of dollars.

Head	1986 Estimates	1985 Estimates	Revised 1985 Estimates
Loans and grant to statutory authorities	$838	$1,284	$1,032
Ministry of Education	827	967	947
Ministry of Finance	701	702	388
Ministry of Health and Environment	559	631	560
Ministry of National Security	533	524	527
Ministry of Community Development and Local Government	513	493	494
Charges on account of the public debt	468	509	367
Ministry of Works, Maintenance and Drainage	305	311	316
Charges on account of the Public	267	235	232
Debt-Capital repayment Pensions and Gratuities	246	232	229
Ministry of Labour, Social Security and Co-operatives	252	254	253
Ministry of Agriculture, Lands and Fisheries	222	207	228
Ministry of Public Utilities and National Transportation	176	177	176
Ministry of Industry, Commerce and Consumer Affairs	148	148	147
Tobago House of Assembly	131	127	129
Ministry of External Affairs	50	50	49
Ministry of Housing and Resettlement	55	42	42
Ministry of Sport, Culture and Youth Affairs	23	24	25
Ministry of Energy and Natural Resources	11	11	11
Attorney General and Ministry of Legal Affairs	19	19	21

Panday Comment

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Opposition Leader Basdeo Panday: "It is scraping the bottom of the barrel."

Political Leader of the National Alliance for Reconstruction (NAR) Mr. Arthur Napoleon Robinson: "It is an utter fiasco."

These comments were made immediately after Prime Minister and Minister of Finance George Chambers delivered the 1986 Budget Speech.

Mr. Panday added that the Budget gave no answer to many of the fundamental problems affecting the country.

He said: "The only significant thing is the devaluation of our currency and this was done in order to have more money locally to finance the next general election campaign."

Mr Robinson, a former Minister of Finance, said that never was a national Budget presented in such a manner.

Chairman of the Tobago House of Assembly, Mr Robinson charged: "It is [words indistinct] an act of desperation and as far as the devalution is concerned the country was not prepared for that step.

"We have heard nothing about merchandising accounts, accounts of the Government. Information on a number of factors including the anticipated revenue for 1985, what was anticipated and what was received in 1985, ought to have been included in the Budget speech.

"The country should also have been told what prescribed remedies we could look for in 1986."

Opposition Member for Chaguanas, Mr. Winston Dookeran, argued that the devaluation nullified all other concessions like removal of the 12 per cent stamp duty.

Impact on Tobago

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Opposition representatives in the House of Representatives have said that the 1986 Budget has given Tobago nothing but the certainty of increased prices. They also charged that a Budget which did not have any input from the Tobago House of Assembly did not reflect the wishes of the people.

Rep Pam Nicholson (Opposition--Tobago East) said she found in the budget nothing to enhance Tobago's contribution, especially in tourism and agriculture. She saw no means for moving Tobago away from a state of dependence on Trinidad.

Miss Nicholson said that once again there was no mention of a deep water harbour in Tobago or an international airport, nor any mention of small cabanas and guest houses for enhancing tourism.

Rep James Ogiste (Opposition—Tobago West) saw the budget as a "disincentive to Tobago," and warned that immediate increases in building costs could cause further unemployment and reduce construction activity.

He argued that proposals for Tobago as a separate entity were not mentioned, even though special measures were needed for the island. Normally prices in Tobago were higher than those in Trinidad, as traders came to Trinidad and added on their profit before selling in Tobago.

The Budget would further aggravate the situation of high prices in Tobago, said Mr Ogiste. He too noted that a deep water harbour would allow ships to land goods directly in Tobago, and thus make a significant contribution to reducing costs.

Manufacturers' Reaction

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] The President of the Trinidad and Tobago Manufacturers' Association, Mr. David Wrigley yesterday described the introduction of the two-tiered financial system in the 1986 Budget as a tremendous boost to the sale of local products on the local, Caricom and extra-regional markets.

Speaking to the GUARDIAN soon after Prime Minister George Chambers delivered the Budget, Mr. Wrigley added that devaluation of the TT dollar would encourage joint ventures.

While admitting that the 50 per cent devaluation on imports with the exception of school books, foodstuff, pharmaceuticals, and energy products, would drive the prices of some local goods up by 20-35 per cent, the real incentive to local manufacturers was the removal of the 12 per cent surcharge on raw materials and the 10 per cent stamp duty on packaging material, he said.

The cost of imported raw materials, when added to the local product, would not change significantly on the export market, and with devaluation, the local product, Mr. Wrigley said, would be very competitive both at Caricom and extra-regional levels.

He said local manufacturers had found that their products were of international standards and quality but costs were a paralysing factor always. "The devaluation gives us a tremendous advantage," Mr Wrigley added.

"It makes joint ventures also more attractive as investors will be more interested in gaining access to the U.S. market through Trinidad and Tobago with its low costs," he said.

Mr Wrigley said the two-tiered system would cushion the cost of living in terms of the major living inputs--energy pharmaceuticals, foods and schoolbooks.

He agreed that devaluation would affect students abroad but said that maybe in the review of the tax structure, that might be taken into consideration.

Mr. Wrigley said devaluation was consistent with recommendations the TTMA made.

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TOBAGO ASSEMBLY ASSAILS GOVERNMENT OVER FISHING PACT WITH VENEZUELA

Port-of-Spain EXPRESS in English 12 Dec 85 p 64

[Article by Compton Delph]

[Text] The Government was lambasted by members of the Tobago House of Assembly for signing a fishing agreement with Venezuela which does not protect the waters of Tobago.

In fact, one Assemblyman, Kenneth Murray, said that by signing such an agreement "Trinidad had seceded from Tobago."

He accused Minister of External Affairs Errol Mahabir, who negotiated the agreement with the Venezuelans, of abandoning Tobago. "And it was Mahabir who came to Tobago last year and accused us of wanting to secede," said Murray, representative of the fishing district of L'Anse Fourmi/Charlotteville.

Murray was fully supported by Deputy Chairman of the Assembly Dr Jeff Davidson, the secretary for agricutlure and marine affairs, that Venezuelans fished the waters off Tobago with impunity.

But both Davidson and Murray said that the biggest poachers in Tobago's waters were the Barbadians. Davidson said that as many as 15 boats from Barbados fish within two miles of the north-eastern coast shores of Tobago.

"It is estimated that these boats take in excess of $30 million worth of flying fish out of our waters each year," he said. "And what is even more distressing was the fact that the Bajans are processing and selling this fish on the Canadian market, thus earning much-needed foreign exchange."

Murray said that Barbados was no longer the island of the flying fish. Tobago had now taken that position but the Barbados boats are now fishing the banks in Tobago and greedily taking everything out with their flying fish catch.

Murray quoted from the agreement signed by Mahabir with the Venezuelans which provides for "the exclusion of the waters around the island of Tobago from the agreement and the reserving of those areas for the Tobago fishermen." But since there were no Coast Guard in Tobago to enforce this provision and protect the Tobago fishermen, the Barbadians and the Venezuelans are poaching openly, he said.

Recalling that the Assembly had protested against the poaching Barbadians, Davidson said that he had heard that the Government of Trinidad and Tobago has done nothing about the matter since it wanted "to trade off the fishing issue for BWIA's rights to fly into Barbados."

The fishing issue was raised on the last of a four-day debate, lasting some 16 hours, on the Assembly's 1986 Estimate of Expenditure passed Tuesday evening at $227.7 million.

The debate ended with strident calls on the Government to obey the law of the country and (1) establish the Tobago House of Assembly Fund; (2) hand over responsibility for health education, and other areas which legally belong to the Assembly, and (3) pass the necessary legislation to give the Assembly control over its public service staff.

Assemblyman Clarence Warner said that "all the documents dealing with these matters have been passed on by the Assembly to the minister with responsibility for levying...the Minister in the Ministry of Finance, Senator Anthony Jacelon."

But the Government, he said, has refused to settle them even though, as far back as July 26, 1983, Prime Minister George Chambers "and almost the whole of his Cabinet, at a meeting with the Assembly at the Crown Reef Hotel, agreed that the Assembly's arguments were correct.

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'WANTON TRAWLING' DEPLETING COASTAL FISHING RESOURCES

Port-of-Spain TRINIDAD GUARDIAN in English 11 Dec 85 p 12

[Article by Valentino Singh]

[Text] Wanton trawling around the coastal waters of Trinidad and Tobago is a major concern to the fishing industry.

And unless something is done urgently, the coastal waters may well find itself without fish in the near future.

A GUARDIAN investigation has revealed that persons, oblivious to the dangers which they are causing, have now gone on a "get rich quick" scene in which they purchase a trawler and without knowledge of what they are doing cast their nets into the waters.

No Laws

And because there are no laws forbiding it, they operate as close to the coast line as possible, pulling in a surplus of young fish and at the same time distrubing the sea bed so that the breeding ground is destroyed.

Mr. Hosein Khan, President of the Trawlers Association, a group of about 18 fishermen who make a living from trawling told the GUARDIAN that he was indeed aware that such a problem existed.

He said that his association had discussed the problems but there was very little that could be done in the circumstances.

"I can assure you that members of the association are not responsible for what is happening."

He explained that the persons responsible for the wanton raping of the coastal waters were not genuine fishermen but persons who were out "to get a quick buck."

"The easiest way to do so is to buy a trawler and cast a net into the sea and that is it," said Mr. Hosein.

Shazzam Ali, assistant chief executive officer at National Fisheries, said that he too was very concerned at what was happening.

He said: "Our trawlers have been accused of this act but I wish to assure the public that we have no trawlers in the coastal waters surrounding Trinidad."

Mr. Ali said that National Fisheries had a fleet of eight trawlers, six of which were operating.

"All of them are based in Brazil since we got that joint venture with that country."

Coast guard officials pointed out that they too were powerless.

"What can we do, there is no law against trawling at any point in our waters." Even the Institute of Marine Affairs is powerless, waiting for some sort of legislation to be implemented.

Sure Means

The GUARDIAN learnt that several businessmen were now looking to the sea as a sure means to getting return on an investment.

They buy a secondhand trawler for somewhere around $350,000 and head into the waters.

And after one night in the ocean, they can pull in as much as $3,000 pounds of fish of which very often 1,000 pounds are not marketable. [as published2

"A catch of that magnitude would fetch around $3,500 for a night's work," said a fisheries division official.

Perhaps the most disturbing aspect of our investigation is that since 1982 efforts have been made to erase the problems now existing.

And recommendations to restrict the area in which unskilled trawling can take place as well as the defining of proper sizes in the cod ends of the trawl nets have been the subject of much discussions.

In fact the declining fish landings from the Gulf of Paria and other areas around Trinidad, both in terms of quantity and size of individuals of the various species landed, have been a matter of concern since then.

A committee, including members of the Caribbean Fisheries Training and Development Institute, the Institute of Marine Affairs, the National Fisheries Company and the Fisheries Division of the Ministry of Agriculture, Lands and Food Production last year made recommendations to stop the rampant raping of our waters.

Prohibit

Among the many recommendations were to prohibit shrimping along the North Coast waters as well as to insist that nets cast in the waters of both the North and East Coast should be no less than 7.5 cm (three ins) and that trawling should not take place within four nautical miles from these shorelines.

In the Gulf and along the South Coast, the committee recommended that trawlers over 12 metres should be stopped from operating within the ten-fathom isobath.

The committee felt that such regulations should be put into effect for a two-year trial.

However, nothing has been heard of any such legislation although the recommendations were made more than a year ago.

In the meantime our fishing resources continue to sink lower and lower and no one can say how far down it will go.

Did someone say at the bottom of the ocean?

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VISA REQUIREMENT FOR GRENADIANS ENDED; GOVERNMENT CRITICIZED

Padmore Announcement

Port-of-Spain TRINIDAD GUARDIAN in English 14 Dec 85 p 1

[Text] Trinidad and Tobago has lifted the visa requirements for Grenadians wishing to travel to Port-of-Spain, National Security Minister Overand Padmore told the House of Representatives yesterday afternoon.

But Mr. Padmore, while disclosing the relaxation of the visa stipulation--imposed in the aftermath of the October 1983 political crisis in Grenada which culminated in the invasion (or intervention) of the country by military forces led by American personnel--did not say when it would become effective.

On this score he told members of the Lower House:

"I am in consultation with representatives of the Government of Grenada and expect, very shortly, to be in a position to make an announcement concerning the date on which this agreement will come into effect."

Imposition of the visa requirement was a source of great irritation to Grenadians who prior to the disastrous Grenada political crisis, did not have to contend with the visa "obstacle."

Full statement of Mr. Padmore:

"Honourable members will no doubt recall the circumstances surrounding the imposition of a number of economic and security measures by the Government of Trinidad and Tobago affecting Grenada in October 1983.

"As I indicated to the Honourable Senate on July 16, 1985, in reply to a question, the Trinidad and Tobago Government measures were in response to unprecedented events which threatened the peace and security of this region, including Trinidad and Tobago.

"I had pointed out in that reply that a number of these measures had been lifted and discussions were taking place between representatives of both Governments in respect of visa requirements. These discussions were advanced when Prime Minister George Chambers met with Prime Minister Herbert Blaize of Grenada in Nassau on the occasion of the Commonwealth Prime Ministers' Conference.

"There were follow-up discussions by the Prime Minister of Grenada and the Minister of National Security of Trinidad and Tobago in Grenada on Tuesday December 3, 1985.

"I am now in a position to advise this Honourable House that arising out of these intensive consultations both Government have now reached complete agreement on the removal of the visa requirement for Grenadian citizens.

"The accord takes fully into account the particular concerns of both Governments and will enable citizens of Grenada to visit Trinidad and Tobago without the need to first obtain a visa and subject only to the existing immigration requirements at the port of entry. This new arrangement will, of course, be kept under review. I am in consultation with representatives of the Government of Grenada and expect, very shortly, to be in a position to make an announcement concerning the date on which this arrangement will come into effect.

"I am sure that all Honourable Members would wish to welcome this most recent indication of the excellent relations existing between the Government of Trinidad and Tobago and the Government of Grenada."

GUARDIAN Complaints

Port-of-Spain TRINIDAD GUARDIAN in English 17 Dec 85 p 8

[Editorial]

[Text] It is a mystery why, for so long, Trinidad and Tobago kept the visa requirement for travellers from Grenada. While the visa is to go, the announcement last Friday in Parliament suggests a great reluctance by the Government.

National Security Minister Overand Padmore said: "...Arising out of...intense consultations, both Governments have now reached complete agreement (on removal of the visa for Grenadians)."

He went on to say that the accord took fully into account "the particular concerns of both Governments."

The Government has not articulated what is the nature of its concern, neither the Prime Minister, Mr. Chambers in a public statement earlier, nor Mr. Padmore. Both left the impression, however, that the visa was serving an important purpose.

Did it?

Lax Surveillance

If we guess that the Government's concern was over a tide of Grenadians surging into Trinidad and Tobago at a bad time for the country, it was an ill-conceived notion.

If we guess also that the Government feared an influx of subversives, it was equally pointless. We fail to see how a visa can stop job seekers or subversives in their tracks.

Such concerns are not to be ignored, but the answer lies in effective surveillance for all sources of such dangers, not the discriminatory visa which, in our view, has done more harm than any conceivable good.

Job seekers are coming in somehow from all points of the Caribbean. They have even crossed the traditional language barrier, in the vice market. Reports tell of illegal immigrant colonies in several rural districts.

All of this adds up to lax surveillance and a wide open back door. The visa fallacy is a belief that if denied a visa the Grenadians could not find that door as easily as others are doing.

The visa, on the other hand, told Grenadians in unmistakable terms they were not welcome. However lawful or useful their links with Trinidad, they were somehow a social breed who must get a visa to travel here.

And this has embittered relations with people having long, closed and legitimate ties, who are part of the Trinidad and Tobago social fabric.

Removal of the visa now suggests that there is belated recognition of the fact by Government. A legacy of sour relations will last a while.

After surviving its leftist nightmare and returning to a democratic form of government, Grenada deserved better from Trinidad and Tobago than maintaining of a measure originally intended to make General Austin behave himself.

That General Austin has almost faded from some memories in Trinidad but for two years the visa was still kept deliberately in place calls for some rational explanation.

Generosity

Adding to the hurt of this discriminatory measure is the mamaguy from big-brother TT of signalling assistance but rendering none. After repeated discussions with the new Grenada administration and the sending of a fact-finding mission to the Isle of Spice, it seemed that the TT government was prepared to assist its Caricom partner in the urgent and difficult task of finding its democratic feet once again.

But Mr. Cross's recommendations apparently went blowing in the wind. While leftist Guyana was able to chalk up a debt of some $400 million from TT's generosity, struggling Grenada got little or nothing.

Some may well see in this less noble reasons than the national interest.

Small wonder that Grenada has decided to form its own airline.

Lifting of the visa is long overdue, but much more is required to restore good relations with Grenada. Perhaps a visit, Mr. Chambers?

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TRINIDAD AND TOBAGO

BRIEFS

FOREIGN DEBT INCREASE--Port-of-Spain, 14 Nov (CANA)--Trinidad and Tobago's total foreign debt increased by 23.3 percent to 2,206.7 million dollars (one TT dollar; 41 U.S. cents) in the second quarter of 1985 in comparison with the mid-1984 figure, according to the Central Bank's largest statistical digest. The foreign debt at June last year was 1,788.7 million dollars. The publication shows this country's total foreign debt moving from 1,551 million dollars for the whole of 1983 to 2,013 million dollars in the 1984 last quarter, and 2,116.4 million at April of this year. Government's gross debt amounted to 3,606.4 million dollars at mid-1985. This comprised the 2,206.7 million dollar external debt, and 1,399.7 million dollars which government owes internally. The gross debt compares with 2,862.4 million dollars in June 1984, which had grown to 3,102.8 million dollars by December 1984. For 1985, gross debt grew gradually from 3,092.6 million dollars (January), to 3,195.5 million (February), 3,312.8 million (March), 3,274.3 (April) to 3,489.6 million dollars in May. [Text] [Bridgetown CANA in English 1405 GMT 14 Nov 85 FL] /9274

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VENEZUELA

BRIEFS

AMBASSADORIAL APPOINTMENTS--It was announced yesterday that Roman Rojas Cabot will be appointed ambassador to the EEC in Brussels. He will replace Fernando Gerbasi, who was appointed ambassador to Brazil replacing retired Division General Calderon Godoy. It was also reported that the Foreign Ministry has requested the approval of the Swiss Government for the appointment of Urbina Cabello, who will replace Rene Hartman de Betancourt. [Summary] [Caracas EL NACIONAL in Spanish 1 Dec 85 p d-2 PA] /6091

AGRICULTURAL GROWTH RATE--Agriculture and Livestock Minister Felipe Gomez Alvarez reported today that the agricultural growth rate for 1985 was 6 percent. He said that this is due to the fact that the agricultural sector reacted satisfactorily to measures adopted by the executive branch. The breakdown of the 1985 production figures by crop is as follows: 850,000 tons of corn, approximately 450,000 tons of rice, 490,000 tons of sorghum, 1.8 million tons of cereals, and 70,000 tons of cotton. There was also an increase in the production of sugar cane: 595,000 tons. [Summary] [Caracas Television Service in Spanish 0000 GMT 17 Dec 85 PA] /6091

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